

Daily Report—

China

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Daily Report

China

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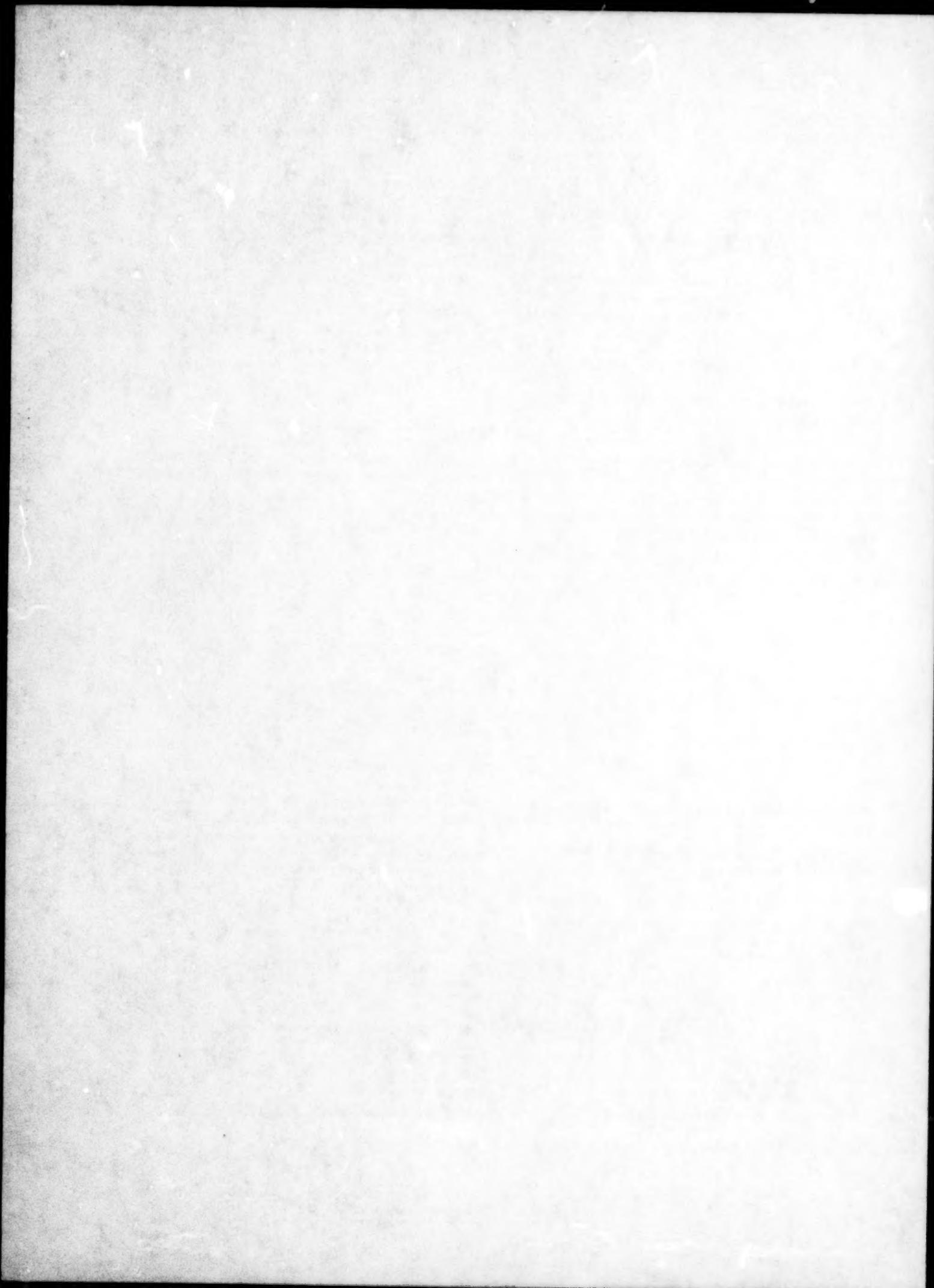
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General

PRC: Spokesman Warns U.S. on Li Teng-hui Visit

OW2803154096 Beijing XINHUA in English
1532 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — China today warned Washington against turning the question of Taiwan into "an explosive issue" by inviting any Taiwanese leader to visit the U.S.

This came after the Chairman of the US Senate Foreign Relations Committee, Jesse Helms, reportedly said that he will push for a visit by Li Teng-hui to the United States in the near future.

"We have noted that on many occasions the US government has indicated that it hopes that any decision to allow any leader of Taiwan to pay a visit to the US will not adversely affect the normal development of Sino-US relations," Chinese Foreign Ministry spokesman Shen Guofang told a press conference here today.

"We have also noted that the US government on many occasions stressed it would properly handle the question of Taiwan in accordance with the 'one China' principle," Shen said.

Therefore, he added, "I believe the US should realize the importance of its relations with China and that maintaining normal development of this relationship accords with its own interests."

It is hoped that on the question of Taiwan the US side should follow the principles enshrined in the three Sino-US joint communiques, instead of turning the question of Taiwan into an "explosive issue," Shen emphasized.

PRC: Spokesman Comments on Taiwan, Sino-U.S. Ties

OW2903064196 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 28 Mar 96

[From the "News Square" program]

[FBIS Translated Text] In Beijing on 28 March, Foreign Ministry spokesman Shen Guofang answered Chinese and foreign reporters' questions on the Taiwan issue and Sino-U.S. relations. Here is a recorded report by station reporter Jia Wei:

[Begin recording] [Jia Wei] On 28 March in Beijing, foreign ministry spokesman Shen Guofang answered Chinese and foreign reporters' questions. In response to a question on Taiwan, Shen Guofang said that China has always stood for relaxation in cross-strait relations; but relaxation in cross-strait relations depends on two conditions. The first condition is that Taiwan authorities must stop their activities of creating two Chinas and one

China, one Taiwan. The other condition is that foreign forces should not interfere in China's internal affairs on the Taiwan question, Foreign Ministry spokesman Shen Guofang said.

[Shen] Now the tension in cross-strait relations has eased, but relaxation in cross-strait relations depends on two conditions. The first is that the Taiwan side must stop the activities of creating two Chinas and one China, one Taiwan. The other is that foreign forces should not interfere in China's internal affairs on the Taiwan question. If these two obstacles are removed, cross-strait relations will ease; if Taiwan authorities continue to create two Chinas or one China, one Taiwan, it will be difficult to restore cross-strait relations. Taiwan authorities have repeatedly indicated that they will gain entry into the United Nations with a large sum of money. I think this is an insult to the United Nations, which is a sacred international organization.

[Jia] At the news conference, spokesman Shen Guofang answered a question on Sino-U.S. relations, saying that China believes that the U.S. side understands the importance of Sino-U.S. relations and that restoring the normal development of Sino-U.S. relations is beneficial to U.S. interests; hopefully, the U.S. side will handle the Taiwan issue on the basis of upholding the three Sino-U.S. Joint Communiques, so that the Taiwan issue will not become an explosive issue.

[Shen] We have noted that the U.G. Government has repeatedly indicated that it does not wish to see the development of Sino-U.S. relations affected by such events as inviting Taiwan leaders to the United States. We have also noted that the U.S. Government has stressed many times that in the future it will handle the Taiwan issue on the basis of one China. We believe that the U.S. side understands the importance of Sino-U.S. relations; it should understand that restoring the normal development [hui fu zheng chang fa zhan, probable STC's 1863 1788 2973 1603 4099 1455] of Sino-U.S. relations is beneficial to U.S. interests. Hopefully, the U.S. side will handle the Taiwan issue on the basis of the three Sino-U.S. Joint Communiques, so that the Taiwan issue will not become an explosive issue.

[Jia] At the news conference, a reporter said that after Li Teng-hui is elected president, he will buy admission into the United Nations with a large sum of money. On this, Foreign Ministry spokesman Shen Guofang replied.

[Shen] In accordance with the UN General Assembly's resolution adopted in 1971, Taiwan is an inseparable part of Chinese territory and the People's Republic of China is the sole legitimate government of China. This has been recognized by the United Nations. [end recording]

PRC: Spokesman Warns U.S. on Making Taiwan Issue 'Explosive'

**HK2903073696 Hong Kong TA KUNG PAO
in Chinese 29 Mar 96 p A2**

["Special dispatch" by staff reporter Ma Ling (7456 3781) from Beijing on 28 Mar: "Beijing Urges the United States To Handle Taiwan Issue Wisely and Refrain From Making It an Explosive Issue for China and the United States"]

[PTS Translated Text for FBIS] Chinese Foreign Ministry spokesman Shen Guofang warned the United States today against making the Taiwan issue an explosive one [bao zha xing wen ti 3615 3498 1840 0795 7344] for China and the United States.

A reporter asked: U.S. Senate Foreign Relations Committee Chairman Helms has claimed that he will try his best to make Li Teng-hui's second visit to the United States a reality in the immediate future. In the event of the trip, how will China respond? Li Teng-hui says the two sides will unlikely return to the negotiating table if they continue to wrangle over sovereignty. So it appears the two sides should shelve the sovereignty issue and discuss other problems first. Is this acceptable to the Chinese side?

Shen Guofang said: We have noticed the U.S. Government has said on many occasions that it does not wish to see the development of Sino-U.S. relations affected by inviting Taiwan leaders to visit the United States. We have also noticed that the U.S. Government has stressed many times that the Taiwan issue must be addressed according to the "one China" principle in the future. We hope the United States will realize the importance of Sino-U.S. relations and that normal development of bilateral relations is in its interest. Therefore, we hope the U.S. side will handle the Taiwan issue on the basis of the three joint Sino-U.S. communiques rather than making the issue an explosive one for the two countries.

Shen Guofang stressed that any cross-strait negotiations must be conditional on one China. This principle brooks no discussion.

When asked by reporters about China's plan to oppose the admission of Taiwan into the UN at the Security Council meeting, he said that according to the resolution adopted by the 1971 UN General Assembly, Taiwan is an inseparable part of Chinese territory. The People's Republic of China is the sole legal government of China. This has been confirmed by the UN. So there is no issue of China vetoing the admission of Taiwan into the UN. This has nothing to do with the veto power but rather concerns the requirements of international law and the guidelines of the UN Charter.

A reporter asked: In the view of the Chinese side, is Taiwan's attitude presently turning for the better or the worse? Shen Guofang said: We have noticed that various sectors on the island hope cross-strait tensions will ease and that peaceful reunification will be achieved as soon as possible. On the other hand, we have noticed that some Taiwan leaders continue to advocate joining the UN and continue to expand international space. So we still hope the Taiwan authorities will completely abandon the policy of two Chinas or one China, one Taiwan.

A reporter asked: You have pointed out many times that people on both sides of the strait hope for reunification. But the results of Taiwan's general election show that 75 percent of the constituency voted for those considered by the mainland to be Taiwan independence elements. Given this, do you believe the majority in Taiwan are against reunification? Shen Guofang said: Your method of calculation is mistaken. This is because the way Taiwan changed its leaders this time demonstrates that the people on the island still hope cross-strait relations will move toward relaxation and that peaceful reunification will be realized at an early date. This is the wish of the overwhelming majority of the people on the island. I think both Taiwan and the mainland expect reunification of the motherland. Surely there are some people unwilling to see China's reunification and a powerful China. So China's reunification is the last thing they wish to see.

When asked to comment on Qian Weichang's belief expressed when interviewed by Singapore LIANHE ZAOBAO that cross-strait relations will become better and better, Shen Guofang said he agrees with Qian's remarks. But negotiations must be held on the precondition of one China and on the two foundations: One, Taiwan gives up its attempt to break up the motherland; and two, no foreign forces are allowed to interfere [gan she 1626 3195].

PRC: Spokesman Says Taiwan Trying To 'Buy Admission' to UN

**OW2803152096 Beijing Central Television Program
One Network in Mandarin 1411 GMT 28 Mar 96**

[From the "Night News" program]

[FBIS Translated Text] During the Foreign Ministry's press conference held in Beijing on 28 March, spokesman Shen Guofang said that the Taiwan authorities have repeatedly indicated that they will buy admission to the United Nations with large sum of money and that such act is an insult to the United Nations — a sacred international organization. Touching on cross-strait relations, Shen Guofang said: We

ardently advocate that cross-strait relations should be eased; however, the easing of cross-strait relations depend on two conditions.

[Begin Shen recording] One is that the Taiwan authorities must stop creating two Chinas and activities concerning "one China, one Taiwan." Another is that foreign forces should not interfere in China's internal affairs concerning the Taiwan issue. If these two obstacles are cleared, then it should be said that relations between two sides of the strait will ease. [end recording]

On Taiwan authorities' repeated indications that they are buying admission to the United Nations with large sum of money, Shen Guofang said:

[Begin Shen recording] I think this is an insult to a sacred international organization like the United Nations. [end recording]

PRC: Spokesman Cites 'Requirements' for Senior Civil Servants

*HK2903041196 Hong Kong WEN WEI PO in Chinese
29 Mar 96 p A12*

[Dispatch by staff reporter Han Hwa-pei (7281 2901 0554) from Beijing on 28 Mar: "Foreign Ministry Spokesman Says Chinese Side Welcomes Incumbent Senior Civil Servants To Continue Serving SAR"]

[PTS Translated Text for FBIS] Foreign Ministry spokesman Shen Guofang said today that the Chinese side welcomes incumbent Hong Kong Government senior civil servants to join the Hong Kong Special Administrative Region [SAR] in its operation.

Naturally, the Basic Law sets specific requirements on these senior civil servants. They will be judged mainly by whether they support the Basic Law and cherish love for the country and Hong Kong, Shen pointed out.

When asked whether the Chinese side's hope that incumbent local senior civil servants will join the SAR government will result in an "administrative vacuum" or instability, Shen Guofang said that he did not believe there would be any so-called "vacuum." The Basic Law contains many provisions on the operation of the SAR government and the 1997 handover of power. The Preparatory Committee will also give this matter careful consideration, he added.

PRC: 'Disarmament' Envoy Elaborates on Nuclear Test Ban Stand

*OW2803230696 Beijing XINHUA in English
1829 GMT 28 Mar 96*

[FBIS Transcribed Text] Geneva, March 28 (XINHUA) — Chinese disarmament ambassador Sha Zukang today

stressed the need for compromise and flexibility from all parties in order to ensure the conclusion of a comprehensive nuclear test ban treaty no later than 1996.

"China believes that as long as all parties concerned show enough political will and necessary flexibility in the negotiations, it is possible to achieve the objective of concluding the treaty this year," Sha said.

The Chinese ambassador made the remarks in a general statement to the Geneva-based Conference on Disarmament at which a nuclear test ban treaty has been negotiated since 1994.

Sha said that in order to concentrate on its economic reforms, China needs and has been making all-around efforts for a long-term peaceful international environment.

As an aspect of the comprehensive efforts, China has been participating in the test ban talks in a "positive, serious and responsible manner" in the past two years and more, he said.

"The Chinese delegation hopes to conclude, no later than 1996, a good test ban treaty, which will genuinely prohibit all nuclear weapon test explosions, and which is universal and internationally and effectively verifiable, so as to promote international peace and security," Sha said.

Considering the fact that the nuclear test ban treaty will have a long-term bearing on international peace and security, he said, China stands for solving the outstanding issues "with a realistic and serious attitude," instead of "in a simplistic, hasty manner."

"If some people misinterpret this position as being not positive to the negotiations, it is either out of ignorance or ulterior political motives," the Chinese ambassador said.

He stressed that all parties need to recognize each other's legitimate concerns, and on that basis, show sufficient flexibility, in order to work out necessary compromise.

"Any effort to make use of one's advantageous edge in certain areas to seek unilateral benefits from the treaty is a recipe for failure and can only lead the negotiations to a dead end," said Sha.

He pointed out that China is willing to make compromises on some issues, but that cannot be done on a unilateral basis. "No country can impose its will on China under any circumstances."

The ambassador spelled out China's positions on some main outstanding issues of the test ban talks.

On the key issue of the scope of the ban, Sha said China is committed to concluding a test ban treaty which prohibits any nuclear weapon test explosion at any place and in any environment, that is to say, the scope of the test ban should exclude any threshold.

On peaceful nuclear explosions (PNES), the Chinese delegation maintains that as an important principle, any disarmament or arms control treaty should not hinder the development and application of science and technology for peaceful purposes. Therefore, it would be incorrect if the test ban treaty should ban PNES.

"China fully shares the concern over the possible misuse of PNES. However, we think that this issue can be solved by establishing a strict application and approval procedure and an effective international on-site monitoring mechanism for the whole process of PNES," Sha said.

The ambassador also stressed that in order to ensure reaching the two main objectives of a test ban: to promote nuclear disarmament and to prevent nuclear proliferation, the test ban treaty should enter into force only after being ratified by all nuclear-capable states, as specified in the relevant International Atomic Energy Agency list.

PRC: UN Official Praises Human Rights Efforts
OW2803164196 Beijing XINHUA in English
1537 GMT 28 Mar 96

[FBIS Transcribed Text] Islamabad, March 28 (XINHUA) — UN Assistant Secretary General Wally N'Dow [name as received] today praised the Chinese government for its sincere efforts in addressing the basic human rights of the Chinese people.

The UN official, who just concluded a tour in China, arrived in Pakistan Wednesday [27 March] for a three-day visit.

He told a press conference here that China has made "tremendous efforts" to provide basic facilities for its people.

He said he was deeply impressed by the large number of buildings — about 12 billion square meters of floor space — constructed mainly for resident housing in China in the past few years.

The official also noted the Chinese government's endeavor in overcoming the serious water shortage in the country.

A 1,200-kilometer canal is now under construction to transfer water from Chang Jiang River in the south to the thirsty north of China while the Three Gorges project

in southwestern China is also underway to help solve the water problem, said the UN official.

According to official statistics, 300 cities in China are facing water problem and 100 of them are having severe water shortage.

N'Dow also lauded the efforts made by Pakistani government in the fields of shelter, water and environment.

He discussed human habitat, environment and other human rights issues with a number of Pakistani ministers.

United States & Canada

PRC: U.S. 'PR Sanctions 'Will Undoubtedly Trigger Retaliation'

HK2903051096 Beijing CHINA DAILY in English
29 Mar 96 p 5

[By Sun Hong: "IPR Issue Cannot Be Solved Overnight"]

[PTS Transcribed Text for FBIS] Prior to a scheduled Sino-US talk on intellectual property rights (IPR) protection, a Chinese expert warned that sanctions would not benefit the United States or help safeguard IPR.

"In my opinion, a better strategy (for the US) would be to strengthen co-operation with China, providing promised information, equipment and help in personnel training in the field," said Zheng Chengsi, director of the IPR centre of the China Academy of Social Sciences.

Sino-US talks on IPR are scheduled to open next month in Beijing, although the exact date is not available.

US Trade Representative Mickey Kantor said recently that Washington will "take decisive action" if China does not satisfy the US in curbing piracy of US compact disks [CD] and music. He had previously threatened punitive tariffs of more than \$1 billion annually.

Zhang Yuejiao, director general of the treaty and laws department of the Ministry of Foreign Trade and Economic Cooperation (Moftec), told China Daily that sanctions from the US will undoubtedly trigger retaliation.

She declined to elaborate on the forthcoming talks, but said China has done its best to fulfill its IPR promise, and that the US should take a practical attitude.

Zheng said sanctions by the United States are meaningless and "would only indicate that the Clinton Administration is incapable of handling the Sino-US economic relationship."

"Improvement in the field is closely linked with the country's progress in other areas, such as economic

reform, anti-corruption drives and reduction of local protectionism in China," he said. "You can't expect IPR violations to disappear overnight."

Zheng said the Chinese side has already made significant efforts toward IPR protection, quoting a speech by Moftec Minister Wu Yi earlier this month which said that besides large-scale campaigns against CD and computer software piracy and the establishment of a legal system for IPR protection, the government has conducted a major shake-up of all its CD plants, closing some down for breaking IPR laws, detaining and prosecuting violators, and stationing two supervisors in each plant.

"It is time the US met its own obligations (as stipulated in the bilateral IPR agreement)," Zheng said, adding that international co-operation could help China introduce advanced technology and better supervision systems to help curb IPR infringement.

Zheng said it is unfair for the United States to single out China for IPR violation, citing statistics from the US Business Software Association listing China as number six among major countries responsible for US losses in copyright infringement behind Germany, Italy, Japan, and the United States itself.

A Moftec official with the American and Oceanian department told China Daily that the US side takes much responsibility for such irresponsible sayings as China has hardly made any progress on IPR protection.

PRC: Secretary Perry Cited on 'Nuclear Retaliation'

OW2903004896 Beijing XINHUA in English
2328 GMT 28 Mar 96

[FBIS Transcribed Text] Washington, March 28 (XINHUA) — The United States would consider nuclear retaliation if attacked with chemical weapons, U.S. Defense Secretary William Perry said here today.

Testifying before the U.S. Senate Foreign Relations Committee, Perry said that any nation that would attempt to strike American troops with chemical weapons would be devastated by the U.S. military response.

But the Pentagon chief refused to specify exactly what type of weapons the United States would respond with in the event of a chemical attack from those nations.

Perry testified to promote U.S. Government's campaign to win approval by the Republican Senate of a treaty to ban worldwide production and use of chemical weapons.

So far, the international treaty has been ratified by 49 countries, 18 short of the number required to put its ban

on production, transfer and use of chemical weapons into effect.

Jesse Helms, chairman of the U.S. Senate Foreign Relations Committee, repeated during the testimony his belief that the treaty could not be enforced because it was unverifiable.

"Nor do I believe it stands a chance of accomplishing reductions in the arsenals of countries hostile to the United States," he said.

But Perry and U.S. Secretary of State Warren Christopher urged in a joint statement the Senate to ratify the treaty, stressing that the United States has the responsibility to promote the ratification and implementation of the treaty.

PRC: 'Full Text' of State Council Human Rights Commentary

OW2803134696 Beijing XINHUA in English
1237 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — The Information Office of the Chinese State Council today released an article commenting on the "Human Rights Report for 1995" issued by the US Department of State. Following is a translation of the full text of the article:

Safeguarding Human Rights or Interfering in China's Internal Affairs?

— A commentary on the country report on China of the Human Rights Report for 1995 released by the US Department of State by Information Office of the State Council

On March 5 this year the US Department of State released its Human Rights Country Reports for the year 1995, which made frivolous and indiscreet remarks on human rights situations in more than 190 countries and regions, and, in the part on China, vilified and blamed China in every possible way. This shows once again the US government's hidden agenda to use human rights issues as an excuse for waging power politics and interfering in other countries' internal affairs.

One. A product from an erroneous stand

The report used tens of thousands of words to blame China, through which runs an absurd logic: There will be respect for human rights only if it is permitted to oppose the legal government of China, and there will be conformity with human rights norms only if it is allowed to attack on the ruling position of the Chinese Communist Party; otherwise, human rights abuses occur.

Such an erroneous stand and political prejudice against the Chinese government and social system run diametrically counter to the internationally-recognized human rights principles.

The report blamed China for "infringing upon human rights" for punishing the crimes of endangering national security in accordance with the law. For example, Wei Jingsheng obviously committed the crimes of endangering national security and conspiring to overthrow the government, of which there is conclusive evidence and to which he made a candid confession. But the report complained and called for redress of the legal punishment.

It is a general rule that every country's legal system safeguards the existence of its legal government. The Articles 2381-2391 of the "United States Code" stipulates that any activities of treason, rebellion or insurrection, or advocating the overthrow of government are not allowed, and severe punishment is stipulated accordingly.

Article 2383 stipulates: "Whoever incites, sets on foot, assists, or engages in any rebellion or insurrection against the authority of the United States or the laws thereof, or gives aid or comfort thereto, shall be fined not more than 10,000 US dollars or imprisoned for not more than ten years, or both; and shall be ineligible to hold any office under the United States".

Article 2385 stipulates that severe punishment will be inflicted upon whoever knowingly or willfully advocates, abets, advises, or teach the duty, necessity, desirability, or propriety of "overthrowing or destroying the government of the United States".

As the government and laws of the United States are regarded as inviolable, how can the report require the Chinese government to offer the "right of impunity" to anti-government criminals? Ignoring internationally-recognized principles, the report listed the punishments the Chinese government inflicted on anti-government criminals as "human rights abuses", which exposes the United States' intention of using "human rights" as an excuse to oppose the legal Chinese government.

The report accused China of infringing upon citizens' freedoms by prohibiting activities that oppose China's political system.

It said the Chinese government infringes upon freedom of speech and the press by requiring reporters to "protect 'state secrets'". The government's requirements of official registration and approval of organizations "deter the formation of unauthorized political or labor organizations".

The report also blamed China for "the constitution provides that ... [ellipses as received] activities may not infringe upon the 'interests of the state.' Protests against the political system or its leaders are prohibited."

According to the report's logic, to conform to human rights norms, the Chinese government would have to permit its citizens to divulge state secrets, to damage the state interests and to oppose the current political system.

In fact, China's legislation is completely in keeping with international practices concerning restrictions on the freedoms of citizens.

In Articles 18-22, the "International Covenant on Civil and Political Rights" of the United Nations provides that restrictions "which are prescribed by law and which are necessary in a democratic society in the interests of national security or public safety, public order, the protection of public health or morals or the protection of the rights and freedoms of others" may be placed on the exercise of rights to freedom of religion, speech, the press, assembly and association.

No country in the world allows its citizens to enjoy freedoms without legal limitations or restrictions. In the United States, the legislation places strict restrictions on the exercise of citizens' freedoms.

In the United States, there are legal restrictions on the use of certain kinds of language, such as the prohibition of vulgar, deceitful and libelous languages.

Article 2386 of "United States Code" has stipulated a tedious and strict system for registration and examination of certain organizations.

Taking advantage of one's freedoms to engage in activities aimed at overthrowing or destroying the government or activities which may endanger national security is totally prohibited in the US.

The code stipulates that any kind of speech, publication, assembly or association aiming at subverting the government would be severely punished.

Since US legislation prohibits American citizens taking advantage of their freedoms to engage in anti-government activities, or activities which may endanger national security, how can the report criticize the Chinese government for prohibiting activities which oppose China's political system and requiring its citizens to "protect state secrets" and "not infringe upon the interests of the State"?

The report accuses the Chinese government of violating the freedom of religion by banning the Henan-based Christian evangelical sect known as the "Shouters" and

reportedly detaining leaders of the "Anointed One" Sect. This accusation confounds right and wrong.

The "Shouters", which are regarded by orthodox Christians as heretical, engaged publicly in illegal and criminal activities against the government and society under the cover of religious activities.

They threatened to "organize the church and oppose the government to the end", instigated their believers to harass government institutions and attack government officials, and committed such illegal and criminal activities as raping women and swindling people out of their money.

Wu Yangming, head of the "Anointed One" sect, was found to be a criminal guilty of the most heinous crimes. In the name of religion he has raped and sexually harassed more than 100 women, and controlled by force more than 20 young women believers in the sect for a long period of time.

These sects are by no means regular religious organizations, but similar to the "doomsday cults" which once existed in the United States, Japan and other countries. No responsible government in the world would sit idly and remain ... different to such serious anti-social criminal activities.

The United States has launched crackdowns on "doomsday cults".

Disregarding "the internationally-accepted norms", the report included anything that is conducive to overthrowing the legitimate Chinese government and China's socialist system as "evidence" of China's "violation of human rights" even if they are crackdowns on internationally-recognized criminal activities. As a Chinese saying goes "if you are out to condemn somebody, you can always trump up a charge".

US political bias and anti-China and anti-Communism stances are used in the report, which confounds right and wrong, as standards for commenting the human rights situation in China.

So long as China is still a socialist country with the Communist Party in power and a country which has not introduced the American-style political system, the report will turn a blind eye and a deaf ear to whatever improvements China has made in its economic development, democratic politics and human rights situation. As people say "bias is more extreme than ignorance."

With its accusations against China covering dozens of pages, the report, however, cares about whether or not a handful of criminals have the "right" to overthrow the legitimate Chinese government and the leadership of

the Communist Party, and to change China's existing political system.

When the report actually mentioned some "improvements" in the human rights situation in China, it would attach caveats, such as "The National People's Congress does not in practice, however, have the power to determine policy or remove government or party leaders"; village elections "have no ability peacefully to change ... The form of government", "do not ... [ellipses as received] endanger the 'leading role' of the Communist Party", etc.

These caveats lay bare the hidden agenda of the report — the "human right" the report is concerned about is the "right" to change China's form of government, and to overthrow the leading role of the Communist Party of China. That is the crux of the matter.

Two. Distorted Facts and Lots of Flaws

The report, out of an erroneous political stand, deliberately misrepresented and depreciated China's human rights situation.

It said, referring to the issue of employment of China's released prisoners, that Chinese authorities "have denied some former inmates permission ... [ellipses as received] to return to their homes," and "those inmates sentenced to more than 5 years in reeducation through labor camps also may lose their legal right to return home."

The fact is that the Prison Law of the People's Republic of China stipulates that local people's governments should help released prisoners to arrange their lives, which includes employment. Over the years local governments have arranged jobs for large numbers of released prisoners, including not only those who had been imprisoned for over five years, but also those who had served ten-year or even 20-year sentences, at the places where their families are located. Some of them have come to be leading workers or been appraised as advanced workers.

The report used Ren Wanding's case to accuse China of maltreatment of prisoners, saying that Ren "reportedly had difficulties in obtaining timely and adequate medical treatment", and he has "reportedly" "been severely beaten by other inmates".

The fact is that since 1991 Ren, who was then sentenced to seven years in prison, has been given humanitarian treatment, including medical care. He undergoes regular physical examinations and is properly treated when he gets ill. A recent check-up showed that Ren's physical condition is normal, and that Ren has been severely beaten by other inmates as cited in the report is purely fictitious.

Just as in the human rights reports issued by the US State Department in previous years, the report this year also quoted a large number of baseless materials that are "reported", "believed" or "not verified" to be so and so. It even openly quoted some guesses which "could not be verified". Since the materials are not verified or do not exist or are simply "said" to be so, why are they quoted in a government report that is published for the world? Isn't it extremely unserious and irresponsible to criticize other countries' human rights situations by using such baseless materials?

The report attacks China's alleged "one party autocracy" without even getting to know some basic historical facts. The report said that China's "Constitution was amended in 1993 to ratify the existence of small 'democratic' parties".

The fact is, even before the founding of the People's Republic in 1949, the Chinese Communist Party had drafted with non-Communist parties the Common Program of the Chinese People's Political Consultative Conference, which acted as a provisional Constitution and in which the legal status of all democratic parties in the People's Republic soon to be founded was clearly stated. The first Constitution of the People's Republic of China, which was passed in 1954, also stipulated that the broad people's democratic unified front, formed by all democratic classes, democratic parties and people's organizations under the leadership of the Chinese Communist Party, will continue to play its role. Over the past decades China has practised multi-party cooperation led by the Communist Party. The eight non-Communist parties have acted as political parties actively participating in government and political affairs in China. They have been playing important roles in China's political arena.

The report made a fuss about the case of Wu Hongda (Harry Wu), saying that "the case of US citizen Harry Wu exemplified problems with the lack of procedural and substantive due process of law and also the problem of forced confessions" and "The authorities permitted Wu to choose (his attorneys) only from a list of government-approved names."

The fact is that Wu had been convicted of theft and rape and punished in accordance with the law before he first left China. He went to the United States in 1985 and later obtained American citizenship.

From 1991 Wu, using the aliases of "Peter Hwu [name as received]" and "Harry Wu", sneaked into restricted areas in China to steal secret information for fabricating propaganda materials slandering China.

In July 1995 Wu was detained and then arrested after he illegally sneaked into China again. The Wuhan

City Intermediate People's Court tried Wu through legal procedures, and Wu's attorneys were chosen by himself in accordance with the relevant regulations about attorneys' qualification in Chinese law and from a list of law offices provided by the American Embassy in China.

Wu expressed satisfaction with his defense in court and wrote a letter of gratitude. An official with the US Embassy in China, who was present in the court when Wu was tried, said that he had not expected that the attorneys would make such a positive defense for Wu.

Wu confessed everything in a letter written of his own free will. The court sentenced Wu to 15 years of imprisonment in accordance with law and informed him that he could appeal to a higher court if he did not plead guilty. But Wu pleaded guilty and gave up the right of appealing.

The censure on China's human rights situation made by the report is self-contradictory. For example, on the one hand, the report said that "incomes in many ethnic minority areas remain well below the national average" while on the other hand it said that the development programs launched by the Chinese government in ethnic-minority areas "have also disrupted traditional living patterns of minority groups".

It is universally acknowledged that the economic backwardness in China's minority areas was caused by historical and geographic reasons. The Chinese government has been taking measures to promote the economy in those areas while respecting the traditional living patterns of the minority groups.

It is only natural for the ethnic minorities to change some of their habits along with economic progress, which represents social progress. According to the report's logic, is it true that China could only be considered as protecting human rights if it kept the minority groups in traditional living patterns "well below the national average"?

The report falsely claimed that Chinese citizens do not enjoy freedom of movement, while it said that "the 'floating population' of economic migrants leaving their home areas to seek work elsewhere in China is estimated to be over 100 million." Without freedom of movement, how could the "floating population" reach 100 million a year?

The report also said that "in recent years, freer movement of people throughout China, government-sponsored development, and the prospect of economic opportunity in Tibet have led to a substantial increase in the non-Tibetan population in Lhasa and other urban areas." This seems to admit that the Chinese

citizens have the freedom of movement, but that this freedom has brought about negative results. Such self-contradiction shows that the writers of the report lack the basic knowledge of logic.

Three. Interference of Procrustean-Style

Passing US standards off as the international norms and ignoring China's national conditions, the report is a procrustean bed that distorts the human rights situation in China.

The report criticizes China's adoption of the death penalty, saying it violates human rights. Such criticism is utterly groundless.

Most countries and regions have kept the death penalty in their legal systems in the light of their own national conditions. Major international human rights instruments also allow the implementation of the death penalty for "the most serious crimes". China also has kept the death sentence, however it stipulates specially cautious approval procedures on the use of the death penalty. According to China's Criminal Law, the death penalty is reserved for those who commit the most heinous crimes and the Criminal Law also stipulates that it may not be carried out on those who were under the age of 18 when they committed the crimes or on women who were pregnant when they were tried. As for economic crimes, only those criminals who commit the most heinous crimes or steal huge amounts of money are executed. The report criticized China's system of death sentence by citing an example of a criminal who was executed for shooting to death innocent people. Could the US death penalty system forgive such a criminal and his like?

The report regards the regulation that (Chinese) Communist Party members must not believe in any religion as evidence proving China has no religious freedom, saying that "this places a serious limitation on religious believers". Such a statement fully reflects the arrogance and ignorance of the author of the report.

Chinese laws protect the freedom of religious belief, and there are more than 100 million religious believers in the country. Chinese Communist Party members believe in the scientific theory of Marxism. They are atheists. People who want to become religious believers may refuse to join or withdraw from Communist Party organizations, and believe in any kind of religion freely. How can this be regarded as restriction on the freedom of religious belief? Could only forcing atheistic Communist Party members to believe in religion be called freedom of belief? Could only forcing the Chinese Communist Party to give up atheism and pursue theism instead be called respect for human rights? It is utterly unreason-

able for the report to ask the Chinese Communist Party to act in accordance with the organizing models of US political parties.

The report time and again criticizes the Chinese Government's policies to help the people in Tibet in their economic development, saying the policies have "disrupted traditional living patterns" of the Tibetans and non-Tibetan technical personnel aiding Tibet have been "diluting Tibetan demographic dominance." This is a fabrication with ulterior motives. The Chinese government has all along implemented policies both to develop the Tibetan economy and protect the fine traditions of Tibetan culture. A small number of non-Tibetan technical personnel go to Tibet in the light of the needs of certain construction projects, and help the local people develop their economy. This has not resulted in any major change in the local population formation.

According to 1990 statistics, the total population in Tibet stood at 2.196 million, 2.096 million being Tibetans, who account for 95.5 percent of the total, with less than five percent being people of other ethnic groups.

The report's criticism has shown that the US government actually holds up its policies towards the Native Americans as models, hoping that the Chinese government will isolate the ethnic-minority groups just as the US government has done, and keep ethnic-minority people apart from the modernization process and leave them in a state of backwardness and barbarism. Actually, the US government has no qualifications to criticize China on the issue of ethnic-minority groups. The US Government implements racial segregation policies towards Native Americans and encloses them in reservations, with the result that they live in chronic poverty and backwardness. That is a real infringement of human rights.

China is an independent sovereign state, which has its own unique cultural traditions and national characteristics. China does not need to and cannot change itself according to US standards and it will not allow the United States to issue orders to it.

Four. Human Rights in Name, Hegemonism in Reality

No country in the world today can claim to have a perfect human rights situation. To scientifically evaluate the human rights conditions of a country, one should focus on the comprehensive situation of the country and its historical development. The report, however, ignores the overall human rights situation in China and its trend of favorable development.

Objectively speaking, 1995 was a year in which China continued to make all-round progress in the human rights field. The country's national economy continued to grow rapidly, while the people's material and cultural living standards were further improved. Statistics show that the gross domestic product (GDP) of China in 1995 reached 5,773.3 billion yuan, an increase of 10.2 percent over the previous year.

The annual average living expense per urban resident in 1995 increased by 4.9 percent compared with that of 1994, while the annual average net income per rural resident increased by 5.3 percent over that of 1994. A total of 78.4 percent of primary school graduates continued their schooling in middle schools in 1995, 4.6 percentage points higher than in 1994, and 98.5 percent of all children of school age were at school last year, also up from the previous year. Besides, five million more people shook off poverty in 1995 and 4.76 million people became literate. The rates of poverty-stricken and illiterate people in China dropped to 5.4 percent and 12.01 percent in 1995 from 5.8 percent and 17 percent in 1994, respectively.

Meanwhile, China has made great efforts to strengthen socialist democracy and its legal system. Last year China revised the law on the election of deputies to the National People's Congress and local People's Congresses and the law on the organization of local People's Congresses and governments, and also promulgated and implemented the police, procurators, judges and education laws.

The Fourth Session of the Eighth National People's Congress, which closed recently, passed the law on administrative punishment and revised the criminal procedures law. All these measures have improved the legal guarantees for human rights and strengthened protection of human rights in various links of democracy and the legal system.

At present, China's human rights situation is marked by comprehensive improvement, while the country enjoys political stability, sound economic growth and social progress, and unity of all ethnic groups, and the people are living and working in peace and contentment with living standards constantly being improved. The "human rights report" made by the US government did not evaluate these basic facts in an objective way, but made gratuitous charges against and viciously attacked China based on several isolated cases, rumors and hearsay evidence.

This fully indicates that what the US government really cares about is not human rights of the Chinese people but using "human rights" as an excuse to vilify China's international image, undermine China's stability

and contain its development so as to change China's development course and its social system. In one word, the US government attempts to make use of the human rights issue to interfere in China's internal affairs and practise its hegemony and power politics.

Country-to-country and region-to-region cooperation based on equality for common development has become the irresistible trend of post-Cold War period. In the field of human rights, all countries should, following this historical trend and based on the principle of equality and mutual respect, enhance international cooperation and dialog by removing misunderstanding and discarding confrontation.

The US government however goes against the historical trend and stubbornly clings to its Cold War thinking. It makes public year after year its so-called "Human Rights Country Reports" to launch gratuitous charges against other countries and wantonly interfere in the internal affairs of other countries. This cannot but arouse refutation and resistance by many countries. Any sovereign state in the world has the right to demand that the US government stop such arbitrary interference. Moreover, the US government should issue a report on its own human rights situation each year, if it really cares about the issue.

Near East & South Asia

PRC: Qian Qichen, Iraqi Counterpart Hold Talks in Beijing

OW2803131896 Beijing XINHUA in English
1241 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — Chinese Foreign Minister Qian Qichen held talks with his Iraqi counterpart Muhammad Sa'id Kazim al-Sahhaf here this evening.

The two foreign ministers exchanged views on the situation in the Gulf, as well as on bilateral ties and other issues of common concern.

Qian hosted a dinner in honor of the Iraqi foreign minister following the meeting.

Al-Sahhaf arrived here Tuesday for a five-day visit to China as guest of Qian Qichen.

This is Al-Sahhaf's fourth China trip.

PRC: Further on Qian Qichen's Talks With Iraqi Foreign Minister

OW2803155896 Beijing XINHUA in English
1538 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian

Qichen tonight reaffirmed China's support for Iraq, and said left over issues from the Gulf War should be resolved.

Qian's comments came during talks with Iraqi Foreign Minister Mohammad Said Al-Sahhaf in Beijing this evening.

The two foreign ministers exchanged views on the situation in the Gulf, as well as on bilateral ties and other issues of common concern, a Chinese Foreign Ministry official said.

Qian reiterated that the Chinese government supports Iraq's efforts to safeguard state sovereignty, unification and territorial integrity.

China holds that the issues left over from the Gulf War should be settled at an early date, based on an overall implementation of relevant resolutions of the UN Security Council, Qian was quoted as saying.

The settlement of these issues is not only conducive to achieving peace and stability in that region, but will also create favorable conditions for countries in the region to focus on economic development, the vice-premier said.

He told his guest that China will continue to make efforts to gradually resolve the problems left over by the Gulf War.

Qian stressed that the purpose of the Security Council's Resolution 986, the so-called Iraq "food for oil" exchange, is aimed at alleviating the plight in Iraq.

"We appreciate that Iraq takes a flexible and practical approach in its negotiations with the UN on 'exchanging food for oil', and hope that the negotiations will achieve progress at an early date," Qian was quoted as saying.

Al-Sahhaf briefed Qian on the latest developments in negotiations with the UN on the implementation of Resolution 986.

Al-Sahhaf, who met with visiting UN Secretary-General Boutros Boutros-Ghali in Beijing on Wednesday [27 March], told Qian that Iraq will continue to adopt a flexible and practical attitude in its negotiations with the UN, in an effort to reach an agreement as soon as possible.

The foreign minister expressed appreciation to China for its "fair position" in seeking a settlement of the post-Gulf War issues.

He expressed the hope that China will continue to play its "important role" as a permanent member of the UN Security Council, and continue to support the process of relaxation in the Gulf region's situation.

The two foreign ministers also exchanged views on bilateral relations. The Chinese Foreign Ministry official said both sides agreed to maintain, and further develop existing friendly relations and cooperation between the two countries.

Al-Sahhaf told XINHUA after his talks with Qian that the talks had been "very good", and his visit so far has been "very successful."

Following the meeting, Qian hosted a dinner in honor of the Iraqi foreign minister.

Al-Sahhaf arrived on Tuesday for a five-day visit to China as guest of Qian Qichen. This is Al-Sahhaf's fourth China trip.

PRC: Li Peng Meets Iraqi Foreign Minister 29 Mar
OW2903083896 Beijing XINHUA in English
0758 GMT 29 Mar 96

[FBIS Transcribed Text] Beijing, March 29 (XINHUA)
— Chinese Premier Li Peng met with visiting Iraqi Foreign Minister Muhammad Sa'id al-Sahhaf here this afternoon, exchanging views on issues of common concern.

Al-Sahhaf arrived here Tuesday [26 March] for a five-day visit to China as guest of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This is al-Sahhaf's fourth visit to China.

PRC: Li Peng Meets Mauritanian Foreign Minister
OW2903100196 Beijing XINHUA in English
0900 GMT 29 Mar 96

[FBIS Transcribed Text] Beijing, March 29 (XINHUA)
— Chinese Premier Li Peng met here this afternoon with visiting Mauritanian Foreign Minister Cheikh Ahmed, and they exchanged opinions on issues of common concern.

Ahmed arrived here Wednesday [27 March] on a visit to China as guest of Chinese Vice-Premier and Foreign Minister Qian Qichen.

PRC: Pakistani Ambassador to China on Bilateral Cooperation
HK2903083796 Beijing RENMIN RIBAO in Chinese
26 Mar 96 p 6

[Report from "Special Interview" column by Pakistan-based reporter Wu Yingchun (0702 6601 2504): "Pakistan Is China's Intimate Friend—Ambassador Qazi on China's Reform and Pakistan-China Cooperation"]

[PTS Translated Text for FBIS] Islamabad (RENMIN RIBAO) — Pakistani Ambassador to China Ashraf Qazi

recently returned for consultations, and this reporter had an interview with him at the Pakistani Ministry of Foreign Affairs.

A career diplomat, Mr. Qazi served as ambassador to East Germany in 1990 and then ambassador to Russia from July 1991 to 1994 and became ambassador to China in October 1994. Mr. Qazi said that he had experienced three historical phases and changes, namely, the falling of the Berlin Wall and the unification of East and West Germany, the disintegration of the Soviet Union, and China's reform. These changes had to do with reform, and China's reform is a success. With fervor and assurance, he stated his views frankly.

[Reporter] What is your view on China's reform and opening up?

[Qazi] Since its implementation under the leadership of paramount leader Deng Xiaoping in 1978, China's reform and opening up policy has achieved a tremendous success. China's annual economic growth rate has reached more than 9 percent, while general living standards have been raised. This is China's major contribution to mankind, and its economic miracle has attracted worldwide attention.

I have witnessed the changes in China's development. Having served as ambassador to China for a year, I have visited more than 10 provinces, municipalities, autonomous regions, including Guangdong, Shandong, Xinjiang, Zhejiang, Shaanxi, and Shanghai. At every place I visited, I saw a great upsurge in reform, opening up, foreign investment, and construction projects. Since the beginning of this year, China has stressed the need to improve microeconomic regulation and control and pay attention to quality and benefits. Last year, inflation declined from 20 to 15 percent. By the early 21st century, China will have established a socialist market economic mechanism and turned from an impoverished developing country into a middle-income country. This will be a historic change.

[Reporter] In your opinion, what are the reasons for China's success?

[Qazi] China understands that reform must be implemented under conditions of political and social stability. This is the secret of China's success. It is perfectly correct and important for China's leaders to have stressed "reform, stability, and development," and that none can be divorced from the other two. The Soviet Union's reform failed because it neglected political and social stability. A drastic political reform resulted in the collapse of social system, breakdown of law and order, erosion of national authority, and disintegration of the Soviet Union. As I witnessed the whole process from turmoil

to the collapse of the Soviet Union in December 1991, it gave me much food for thought.

When I was appointed ambassador to Russia, many Russians talked to me about China's reform. They praised China's reform. Even their leader Boris Yeltsin also said after his visit to China that China's model of economic reform "impressed him deeply." China maintains "political and social stability and, at the same time, carries out economic reform."

[Reporter] What are your suggestions and expectations of China's reform and development?

[Qazi] Overall, there is a tremendous change in China's development. Nevertheless, I feel that while some regions are enjoying rapid growth, others are developing relatively slowly. For instance, some places in the central and western provinces, including Shaanxi and Gansu, are still very poor. China's leaders are also aware of this and have formulated a new development strategy that will divert funds from the eastern to the central and western impoverished regions, and this is very good.

[Reporter] As both China and Pakistan are conducting reforms, how about the possibility of bilateral cooperation in this regard?

[Qazi] As both Pakistan and China are carrying out reforms, they can learn and draw lessons from each other in this respect. Pakistan should study in-depth China's experience, see which areas are suited to our conditions, apply them to Pakistan, and turn them into Pakistani characteristics. If there is anything that Pakistan has that is useful to China, we are happy to share it with China because China is Pakistan's true friend [zhen cheng di peng you 4176 6134 4104 2590 2589]. Moreover, both countries should strengthen trade and economic cooperation and study the possibility of entering into partnership so as to jointly tap the markets of the two countries and the Third World.

PRC: MOFTEC Minister on Potential for Sino-Sri Lankan Trade

*OW2803112396 Beijing XINHUA in English
1103 GMT 28 Mar 96*

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — A senior Chinese trade official said here today that China will continue to pursue friendly ties with Sri Lanka.

And there is great potential for the development of two-way trade since China's technology, products and equipment are suitable for Sri Lanka, said Wu Yi, Chinese minister of Foreign Trade and Economic Co-operation (MOFTEC).

She said this at the second meeting of the Sino-Sri Lankan joint committee on trade and economic co-operation, which was co-hosted by Wu and Kingsley Wickramaratna, minister of Trade, Commerce and Food of Sri Lanka.

During the meeting, Wickramaratna gave a briefing on his country's current political and economic situations, and a plan to establish a free trade region in South Asia before year 2005 by the seven countries of the region.

He said that China and Sri Lanka should set up joint ventures in his country to bring into full play China's technology and equipment and Sri Lanka's natural resources in order to get a big market share in the future free trade region.

Wu said that China would encourage its businesses to invest in Sri Lanka.

So far, the two countries have established joint ventures in Sri Lanka with total investment valued at 5.48 million US dollars, 54 percent of which has come from the Chinese side.

In 1995 the total Sino-Sri Lankan trade volume surpassed a record 240 million US dollars.

China mainly exports to Sri Lanka textiles, garments, cement, paper, TV sets, small tools and cigarettes. It imports from that country natural rubber and gems.

Moreover, from 1982 to 1995 the two countries signed 135 labor and project contracts, which were valued at 160 million US dollars.

NPC

PRC: NPC Decision on Hong Kong Provisional Legislature

OW2703161896 Beijing XINHUA Domestic Service in Chinese 1115 GMT 24 Mar 96

[FBIS Translated Text] Beijing, 24 Mar (XINHUA) — Decision of the National People's Congress [NPC] Hong Kong Special Administrative Region [HKSAR] Preparatory Committee on Establishing the HKSAR Provisional Legislative Council

(Adopted at the Second Plenary Session of the NPC HKSAR Preparatory Committee on 24 March 1996)

In accordance with the provision in Article 2 of the 4 April 1990 "Decision of the NPC on the Method for Forming the HKSAR's First Government and Legislative Council," which states that the HKSAR Preparatory Committee "is in charge of matters regarding the preparations for the HKSAR's establishment," the NPC HKSAR Preparatory Committee has decided:

1. That a Provisional Legislative Council will be established in the HKSAR. The Provisional Legislative Council will be formed and put to work after the first HKSAR chief executive is elected.
2. That the HKSAR Provisional Legislative Council will be made up of 60 members. These will mainly consist of Chinese citizens among Hong Kong permanent residents who have no residence rights in foreign countries. The proportion of Hong Kong permanent residents with no Chinese citizenship or those with residence rights in foreign countries may not exceed 20 percent of the total number of Provisional Legislative Council members.
3. That the HKSAR Provisional Legislative Council will be elected by all members of the Election Committee under the first government. The Preparatory Committee will work out specific methods for this purpose.
4. That members of the HKSAR Provisional Legislative Council must support the Basic Law for the PRC HKSAR; must be willing to devote themselves heart and soul to the PRC HKSAR; and must meet other conditions for Legislative Councillors as spelled out in the "Basic Law for the PRC HKSAR."
5. That the tasks of the HKSAR Provisional Legislative Council are:
 - Drawing up laws essential to the HKSAR's normal operations in accordance with Basic Law provisions, and amending and repealing laws as necessary;
 - Examining and approving budgets in accordance with government proposals;
 - Approving taxation and public expenditures;

— Hearing the chief executive's administrative reports and conducting debates;

— Endorsing the appointment of judges to the HKSAR Court of Final Appeals and the chief judge of the High Court;

— That the chairman of the HKSAR Provisional Legislative Council will take part in the nomination of six Hong Kong members to the NPC Standing Committee's HKSAR Basic Law Committee;

— Other matters that the HKSAR Provisional Legislative Council must handle before the first HKSAR Legislative Council is formed.

6. That the laws reviewed and passed by the HKSAR Provisional Legislative Council before 1 July 1997 will take effect on the day the HKSAR is established.

7. That the HKSAR Provisional Legislative Council will operate until the first HKSAR Legislative Council is formed and not beyond 30 June 1998.

PRC: Supreme People's Procuratorate Work Report Given at NPC

OW2803063696 Beijing XINHUA Domestic Service in Chinese 2136 GMT 20 Mar 96

[FBIS Translated Text] Beijing, 21 Mar (XINHUA) — Report on the Work of the Supreme People's Procuratorate

— At the Fourth Session of the Eighth National People's Congress [NPC] on 12 March 1996

Zhang Siqing, SPP Procurator General

Fellow deputies:

I now submit the report on the work of the Supreme People's Procuratorate [SPP] in 1995 for your examination and approval, as well as for suggestions and comments from members of the National Committee of the Chinese People's Political Consultative Conference.

Last year, the SPP led local people's procuratorates at all levels and special people's procuratorates in resolutely carrying out the party Central Committee's general plans for maintaining stability and deepening the anticorruption drive in close conjunction with the overall situation of the work of the party and the government, and continued the guidelines of "strictly enforcing the laws and relentlessly investigating criminal cases" in conscientiously performing the duty of supervision by the law in accordance with the requirements set forth by the Third Session of the Eighth NPC, thereby making new headway in procuratorial work in all fields. Procuratorial organs at all levels concentrated on three

key areas: combating corruption; investigating and handling cases of embezzlement, bribery, misuse of public funds, engaging in favoritism and committing irregularities, and dereliction of duty and other major and serious cases; and cracking down on serious criminal activities and strengthening supervision over law enforcement. Last year, we placed 83,685 criminal cases of various kinds on file for investigation and prosecution, approved the arrest of and decided to arrest 608,678 criminal offenders, and prosecuted 596,624 persons according to law.

I. Resolutely Investigating and Handling Major and Serious Cases To Promote the Deepening of Anticorruption Drive

In 1995, the anticorruption drive, under the correct leadership of the party Central Committee with Comrade Jiang Zemin as the core, was carried out in a sustained way, producing notable results. In the anticorruption struggle, procuratorial organs at various levels concentrated efforts on investigating and handling major and serious cases. Placed on file for investigation last year were 63,953 cases of corruption and bribery and 19,732 cases of engaging in favoritism and committing irregularities and dereliction of duty. Cases of committing the above crimes by 12,835 personnel among leading party and government bodies, administrative law-enforcement organs, judicial organs, and economic management departments were investigated and handled. Of the 12,835 personnel, 3,206 were from leading party and government bodies; 2,258, from administrative law-enforcement organs; 3,792, from judicial organs; and 3,579, from economic management departments. As a result of the investigation and handling, more than 4.9 billion yuan in direct economic losses were retrieved for the state and collectives.

(1) A number of shocking criminal cases involving leading cadres, which produced strong repercussions, were investigated and punished. Tackling the major task of investigating and dealing with criminal cases involving leading cadres, people's procuratorates at all levels adhered to the principle that everyone is equal before the law in resolutely investigating and handling such cases according to the law no matter who committed the crime. Throughout 1995, cases of corruption, bribery, and other crimes involving 2,262 cadres at or above the county or department level were placed on file for investigation, 27.9 percent more than in 1994 and a record figure. Of these 262 cadres, 619 were from leading party and government bodies, administrative law-enforcement organs, judicial organs, and economic management departments; 137 were cadres at the department or bureau level; and

two were cadres at the provincial level. Those people, who constituted an extremely small minority of our cadre ranks, relaxed their efforts to remodel their world outlook and, as a result, failed to withstand the test of reform and opening-up and the corrosive influence of decadent ideology, thereby deviating from the purpose of serving the people wholeheartedly, falling into the mire of crime, and doing serious harm to the party and the country. This problem clearly showed up in the investigation and handling last year of the criminal case involving Wang Baosen, former vice mayor of Beijing, and others; the case of taking bribes by Ouyang De, former vice chairman of the Guangdong Provincial People's Congress Standing Committee; the cases of offering or taking bribes by former Secretary Hu Jianxue and Deputy Secretary Sun Qingxiang of the Taian City Party Committee in Shandong, by Standing Committee Member and Secretary General Lu Jiaoqing of the city party committee, and by Vice Mayor Kong Limin and Public Security Bureau Director Li Huimin of the same city; and the case of taking bribes by Kang Yao, former director of the Wages and Welfare Department under the Ministry of Personnel. The investigation and handling of such major cases made it possible for the masses of people to realize the firm determination of the party and the government in combating corruption and to see the practical actions taken in this regard; as well as served as a warning to state functionaries, encouraged them to work hard for the people, and promoted the building of a clean and honest government.

(2) A number of embezzlement and bribery cases involving a large amount of money were investigated and punished. The procuratorial organs nationwide placed on file for investigation a total of 29,419 major cases of embezzlement, bribery, or misuse of public funds, which accounted for 57.6 percent of the total number of cases in these three categories. Of these, 504 were cases each involving more than 1 million yuan. The amount of embezzlement and bribery money involved in crimes has grown in recent years. The problem is especially serious in such hot economic sectors as banking, stocks, and housing and real estate. Wuxi's Xinsing Industrial Corporation General Manager Deng Bin and others raised over 3.2 billion yuan through illegal means and committed crimes of large-scale embezzlement, bribery, and misuse of public funds. The procuratorial organ, working in close coordination with the relevant departments, thoroughly investigated the case by placing 94 persons on file for investigation and indicting 79 according to the law. Principal criminals Deng Bin and Yao Jingyi were given the death sentence. Former Deputy Director Zhao Guoli of the Jinzhou Economic and Technology Development Zone in Liaoning has already been indicted for embezzling more than 17 million yuan.

(3) A number of criminal cases involving judicial personnel who took bribes and bent the law or who engaged in favoritism and committed irregularities were investigated and punished. The judicial personnel who took bribes and committed other irregularities violated the laws in the course of enforcing them, thus damaging the dignity of the legal system and judicial impartiality and arousing strong resentment from the masses. Regarding the investigation of such cases as a major task in fighting corruption and upholding judicial honesty, the procuratorial organs placed 3,792 judicial personnel on file for criminal investigation, up 39.6 percent from the figure in the previous year; of these, 1,055 committed crimes of engaging in favoritism and committing irregularities, more than double the figure in 1994. Efforts were made to be especially stringent in investigating and harsh in punishing cases involving judicial personnel who colluded with people inside and outside the judicial organs in shielding criminals. While investigating four major cases involving criminal gangs, the Tongling City procuratorial organ in Liaoning Province discovered links between judicial personnel and gangs. So far, 12 persons have been placed on file for criminal investigation in bribe-taking and in engaging in favoritism and committing irregularities.

(4) Resolute efforts were made to crack down on criminal activities of obstructing the implementation of major government reform measures. Paying close attention to studying problems cropping up in the process of developing a socialist market economy, procuratorial organs at all levels went deep into key industries and sectors to investigate and handle major and serious cases in housing and real estate development, financial stocks, batch lease of land, export and import, and tax collection and management. In 1995 the procuratorial organs placed on file for investigation 3,743 persons in 3,427 cases involving soliciting and accepting bribes, embezzling funds of units and customers, and dereliction of duty in financial and stock activities; 198 employees of housing and real estate departments who committed criminal offenses; over 200 cases of issuing fake value-added tax receipts of more than 10 million yuan, including 63 cases of more than 100 million yuan; 1,064 cases of crimes committed by corporations; 1,366 cases of forging trademarks; and 8,049 cases of evading taxes, refusing to pay taxes, defrauding the state of export tax refunds, and other tax-related crimes. In coordination with the relevant departments, the procuratorial organ uncovered at one time 10 extraordinary tax-swilling criminal gangs in Shenzhen and placed 77 persons in 54 cases on file for investigation, involving more than 300 enterprises in over 20 provinces, autonomous regions, and municipalities and a total of 1.9 billion yuan, of which more than 99 million yuan had already been

used for credit or swindled. The investigation of these cases has already been completed, and they have been transferred to the court for prosecution. Following up clues provided by investigations into these cases, the procuratorial organs also discovered and handled 105 persons involving 90 criminal cases, collecting over 90 million yuan and \$5 million of taxes in arrears, and avoiding and retrieving over 300 million yuan in the loss of taxes. Ding Mali and Zhai Luguang of the foreign exchange section of the Bank of China Shandong Branch overstepped their authorities and increased the amount of foreign exchange transactions in serious violation of the regulations, causing a huge \$175 million of economic losses to the state. In addition, they each accepted \$120,000 in bribe money. The two have already been placed on file for investigation and prosecution.

(5) The procuratorial organs investigated and handled according to the law criminal cases occurring in state-owned enterprises and institutions and village and town offices. Efforts were concentrated on investigating and handling cases of embezzlement and bribery among leading cadres of seriously deficit-ridden state enterprises; cases of annexing state-owned assets and offering and accepting bribes in the course of transforming state enterprises into stock system or leasing, auction, merging, and reorganizing state enterprises; cases of involving leading cadres of state enterprises who employed illegal means to transfer in a disguised form state-owned assets to their privately run enterprises or enterprises run by their relatives and friends; cases involving leading cadres of state enterprises who used the name of enterprises to engage in intermediate activity in their management and operation, and put the incomes under their possession; cases involving cadres of offices directly under the county or village and town cadres who abused their power in embezzling public funds or accepting bribes in requisitioning land for development, retaining public welfare funds, or setting up town and township enterprises; and cases of extorting money or soliciting and accepting bribes by leading cadres of town and township offices. Last year, the procuratorial organs investigated and handled 3,308 managerial personnel of state enterprises and institutions and 5,419 staff personnel of grass-roots town and township offices. The investigation and handling of such cases by procuratorial organs according to the law had a positive influence on ensuring and promoting the reform of state enterprises and on strengthening the construction of grass-roots power organs, and won popular support.

(6) Actively carrying out crime-prevention work. China's consistent policy in combating corruption is to deal with such economic crimes as graft and bribery while at the same time trying to eliminate the root

causes of such crimes. People's procuratorates at all levels, in addition to handling various criminal cases, have done a great deal of work to publicize legal knowledge and have conducted education to promote honesty. Many localities have held exhibitions to show the results from punishing offenders of graft and bribery. Good results were achieved in this respect. We paid attention to the problems exposed in the course of handling cases; analyzed the reasons, characteristics, and laws in connection with the commission of crimes; and actively made suggestions to urge departments concerned to improve rules and regulations and establish and improve their crime-prevention mechanism. We conducted special investigations and studies regarding crimes committed by leading cadres, judicial personnel, and persons in the banking, securities, and real estate spheres; crimes committed in course of the reform of state-owned enterprises; and crimes in forging or issuing value-added tax invoices, and put forward crime-prevention measures, all of which have attracted the attention of departments concerned.

To promote the work of investigating major cases of corruption, we concentrated on the following points while adhering to work experiences and methods that have been proved effective: First, we continued to promote propaganda and encourage crime reporting by the masses. Relying on the clues and criminal evidence provided by the masses, we conducted a preliminary investigation into 116,658 cases. Second, we set up a system for conducting preliminary investigations after putting the clues for the relevant cases on record, and solved the problems of being unwilling to investigate cases or being unable to continue the investigations. Third, we continued to have chief procurators take the lead in handling cases in order to increase the responsibility of higher-level procuratorates. An organ of a higher level helped investigate cases when an organ at a lower level met with difficulties. Thus, cases were handled at each level as one level supervised another level. Fourth, we enhanced the overall function of procuratorial organs and strengthened unified guidance and coordination in investigating and cracking cases in other provinces and regions. Fifth, we remained resolute and prudent while adhering to the principle of accuracy and paid attention to quality in handling cases by taking facts as the basis and the law as the criterion. Sixth, we coordinated closely with discipline inspection, supervisory, auditing, and public security departments and courts. With each carrying out its functions and responsibilities, they formed a force against corruption. Seventh, we strengthened the building of specialized organs. By the end of last year, 28 provincial-level procuratorates and 296 city-level procuratorates had established anti-graft bureaus. The Supreme People's Procuratorate es-

tablished its general anti-graft bureau in November of 1995. Procuratorial organs have achieved specialization and regularization in their work of punishing the crime of graft and bribery. This will serve as an effective organizational guarantee for deepening the anticorruption struggle.

Deepening the anticorruption struggle in a sustained way is a necessary guarantee to maintain political and social stability, an indispensable and important condition for the realization of the Ninth Five-Year Plan and the Long-Term Target for the Year 2010; it concerns the success or failure of reform, opening up, and the socialist modernization drive and concerns the life or death of our party and country. It is a long and arduous task. Procuratorial organs should get a clear understanding of the situation, know their tasks, increase the sense of responsibility and urgency, resolutely follow the work arrangements decided by the Central Committee, be prepared for long-term fighting, continue to strictly investigate and handle major cases, and deepen the struggle step by step.

In October 1995, the Supreme People's Procuratorate and the Ministry of Supervision jointly convened the 7th international anti-graft meeting, at which the participants widely exchanged views on the main theme "anti-graft and social stability and development." The representatives from 90 countries and regions universally maintained that the meeting was a success. The number and qualifications of representatives and the number and quality of papers read at the meeting surpassed those of previous meetings. The majority of the representatives noted that China has scored marked achievements in its reform, opening up, and economic construction; that the principle and method of "grasping with both hands," which the CPC and the Chinese Government have adhered to, are very special; that the CPC and the Chinese Government have firmly and effectively combated corruption; and that their marked achievements are praiseworthy.

II. Intensifying the Struggle To Crack Down on Crime To Maintain Social Stability

Resolutely implementing the guidelines of the party Central Committee for maintaining stability and upholding the people's democratic dictatorship, people's procuratorates at all levels performed their functions; coordinated closely with public security departments, the courts, justice administration departments, and state security and other departments; cracked down on crime as the key link to grasp in tackling problems of public order in a comprehensive way; and dealt stern and prompt blows to serious criminal activities according to the law. In 1995 procuratorial organs across the country

accepted requests by public security or state security organs for the arrest of 670,886 criminals; the trial of cases involving 624,910 persons were finished by the end of 1995; these procuratorial organs approved the arrest of 576,033 criminals; they accepted 660,406 criminals who were transferred from one venue to another for prosecution, and the trial of such cases involving 593,444 of them were finished; and public prosecutions against 555,842 persons were initiated. This has safeguarded state security and social stability and promoted the development of reform, opening-up, and the economy.

(1) We concentrated on cracking down on crimes in accordance with the principle of meting out punishment severely and rapidly according to the law. Focusing on cracking down on such violent crimes as murders, robbery, rape, use of bombs, and acts of hooliganism — especially for organized crimes — people's procuratorates at all levels arrested offenders and prosecuted them in a timely manner, got themselves involved in the investigation of major criminal cases, and strengthened court appearance and public prosecution work, thus guaranteeing prompt, accurate, and effective crackdowns on criminal offenders. The arrest of 209,271 offenders involved in the above-mentioned cases was approved for the year, and 178,911 of them were prosecuted.

(2) We actively took part in special struggles to improve public order. Procuratorial organs at all levels took the initiative in coordinating with public security departments in participating in cracking down on crime and improving public order in rural areas and in other areas where public order was in chaos. In view of serious public order problems, some localities launched special struggles to crack down on the crimes of theft; sabotage of railroads, oilfields, and electrical and telecommunication equipment; crimes of abducting and selling women and children; crimes committed by criminals on the run; and crimes of drug abuse.

During an earlier period, activities to produce and sell pornographic products by using computers and other high-technology means, to publicize feudalistic superstition, and to make printed copies of original works in violation of intellectual property rights were very serious. Procuratorial organs in various localities, actively participating in the campaign launched in the fourth quarter last year throughout the country to crack down on the activities of making and selling pornographic products and on illegal publishing activities in the field of audio-visual and electronic publications, destroyed the pornographic products making and selling networks and illegal publication outlets in some localities and punished some criminal offenders according to the law.

(3) We brought the functional role into play and carried out pursues, arrests, and prosecutions according to the law. We pursued, arrested and prosecuted, according to the law, those we found not deemed as criminals while examining ratification of arrests and institution of legal proceedings. We pursued and arrested 6,314 persons and prosecuted 2,973 persons. In examining ratification of the arrest of suspects involved in a theft case, the People's Procuratorate of Wangkui County, Heilongjiang Province, discovered questionable points. After the investigation organ twice turned down its suggestions to pursue and arrest the suspects, the procuratorate directly placed the suspects' case on file for investigation according to law. Through thorough investigation and verification, we cracked three especially serious robbery cases, 19 theft cases, and four cases of disposal of stolen goods; smashed a criminal gang that ran rampant for a while, with 12 offenders arrested; and also cracked two cases in which judicial personnel engaged in favoritism and committed irregularities and crimes. After the cases were prosecuted, five criminals were given death penalties.

(4) We conscientiously implemented the measures for comprehensive management of public security. While firmly grasping the drive to "severely crack down on crime," a link of utmost importance in procuratorial work, procuratorial organs at all levels conscientiously implemented the measures for comprehensive management of public security in all links of procuratorial work and did a good job of preventing crimes and handling sudden incidents [tu fa shi jian 4499 4099 0057 0115]. We enforced the "Law of the Protection of Juveniles;" carried out special procuratorial work for minor offenders; strengthened procuratorial work and supervision for the execution of sentences outside the prison under surveillance; and prevented and reduced the rate of recidivism; conscientiously handled complaints; properly handled the events of collective appeals for an audience with the higher authorities for help, thus promptly alleviating problems and unstable factors.

China is now enjoying political stability and social tranquility. Nevertheless, there are also quite a few factors hindering social stability and endangering national security. Hostile international forces are stepping up their effort to "Westernize" and "break up [fen hua 0433 0553]" China. Colluding with one another, hostile elements inside and outside the borders are waiting for an opportune moment to take action; the serious and especially serious criminal offenses increased by a relatively wide margin; some serious and especially serious criminal cases have made an extremely bad impression at home and abroad; public order in some localities is bad and the masses of people have great complaints against this

situation; collective complaints events [qun ti xing shi jian 5028 7555 1840 0057 0115] generated by contradictions among the people have occurred now and then. The task of safeguarding stability is very arduous. We will continue to regard this work as an important task of procuratorial organs, bring their functions into play, adhere to the struggle to "severely crack down on crime," and safeguard the normal order of reform and opening up to the outside world and economic development as well.

III. Strengthen Supervision of Law Enforcement, Guard the Unity and Sanctity of the Socialist Legal System

People's procuratorates at all levels regarded better law enforcement as an important task of building the legal system in a socialist market economy; in view of the phenomenon in law-enforcement activities in which laws are not abided by, laws are not strictly enforced, law violations are not dealt with, vigorously strengthen supervision of law enforcement; placed great stress on discovering, investigating, and handling the criminal cases committed by law enforcement personnel by taking advantage of their positions and power; and promoted strict law enforcement and upheld judicial impartiality in the course of handling cases.

In supervising investigation, the focal point is to correct the problems of not putting cases on record, not investigating and affixing legal responsibility for crimes, and replacing criminal punishments with fines. The number of opinions put forward to correct law violations in investigation activities was 14,243. Regarding concerned departments that did not investigate and affix legal responsibility for crimes, did not put cases on record, or replaced criminal punishments with fines, 1,250 cases were put on record for investigation in accordance with relevant provisions of the Criminal Procedural Law. Such cases were important cases that should have been put on record, but were not; or that should have been subpoenaed for prosecution, but were not; even after opinions for correction were put forward. Deng Qingqiang, a university student from Hengyang County, Hunan Province, who was waiting for a job assignment, colluded with others in committing armed robbery. After the concerned judicial departments accepted more than 4,000 yuan in cash, they released Deng and three other criminals. Only four days after Deng Qingqiang, the prime culprit of the robbery, was released, he was employed as a state cadre. He took up posts one after another as a township government secretary, a deputy director of a township department of the People's Armed Forces, and so on. The Hengyang

County Procuratorate put the case on record and subpoenaed him for prosecution according to law.

In supervising the trying of criminal cases, counterappeal work was strengthened in light of problems such as light sentences for serious crimes, pronouncing criminals as being not guilty, and so on. Counterappeals were lodged according to law for cases in which erroneous criminal decisions or rulings were made. In the entire year, 1,775 counterappeals were lodged in accordance with appeal procedures, and 641 counterappeals were lodged in accordance with judicial supervision procedures. Regarding the violation of law in judicial activities, 2,343 opinions for correction were put forward. Many local procuratorial organs strengthened counterappeal work in light of problems in probation applicable to economic crimes such as corruption and bribery. The SPP formulated the "Provisions on Reporting Counterappeals for Cases to the Standing Committees of People's Congresses of the Same Level" for procuratorial organs to conscientiously put themselves under supervision.

In law and discipline procuratorial work, cases of encroachment on citizens' democratic rights, crimes involving personal rights, and dereliction of duty were seriously investigated and dealt with. While focusing efforts on investigating and handling cases of playing favoritism and committing irregularities, also put on record for investigation were 412 cases of extorting confessions by torture; 4,627 cases of illegally taking people into custody; 1,739 cases of illegally searching residences, illegally entering residences, and illegally putting people under surveillance; 87 cases of hindering postal and telecommunications and encroaching upon citizens' freedom of communications; 4,234 cases of dereliction of duty; and 5,052 cases of major accidents due to negligence.

In prison procuratorial work, the Prison Law was seriously implemented. Taking the solution to the problem of using money to offset criminal punishments as the focus, the law-violating situation of not punishing criminals according to law, reducing criminal punishments, and releasing criminals on bail and medical parole was solemnly corrected. Subpoenas were issued for 4,468 criminals who recommitted crimes during their surveillance and reform periods. A total of 135,419 opinions to correct law violations during surveillance and reform periods were put forward. Criminal cases involving policemen of prisons, houses of detention, and centers for reeducation through labor, of playing favoritism and committing irregularities, corruption, accepting bribes, corporal punishment, and torture, were investigated and responsibility was affixed according to law. Be the end of 1995, procurators were basically assigned to all pris-

ons, houses of detention, and centers for reeducation through labor across the country.

In civil and administration procuratorial work, counterappeal work in judicial supervision procedures was strengthened. A total of 1,507 counterappeals were lodged for decisions and rulings on civil, economic, and administration cases, which had already come into effect but were evidently unjust. Attention was paid to strengthening procuratorial work related to judicial personnel's conduct of corruption, accepting bribes, playing favoritism and committing irregularities, and bending the law in judicial work. During the year, cases involving a total of 183 judicial personnel who played favoritism, committed irregularities, or asked for and accepted bribes while conducting civil, economic, and administration cases were put on record. The Fuyang Prefecture procuratorial organs of Anhui Province successively handled three appeals for rulings on economic conflicts. Upon examination, it was found that the plaintiff in the three cases was the same person and all three cases were tried by the same judge. All decisions were made in serious violation of the law, and partiality was evidently shown to the plaintiff. A case was put on record for investigation. Through thorough investigation, it was found that Yuan Ming, former Fuyang City Court vice president, Wang Fuqin, president of the city's economic court, and Fan Zhehong, a judge, and five other judicial personnel, had committed crimes of accepting bribes, playing favoritism, and practicing irregularities. A counterappeal for the decisions on the three cases of economic conflicts was lodged with judicial organs.

The SPP put forward, in good time, opinions for procuratorial organs to concretely implement concerned laws and regulations passed by the NPC Standing Committee, strengthened investigations and studies of new situations and new issues, and made timely judicial explanations. A total of 14 judicial explanations were made last year. After the "Compensation Law of the PRC" came into force, procuratorial organs seriously carried out criminal compensation work, formulated procedures for enforcing the law, established special organs, and made compensation decisions on 20 cases in which compensation was required by law.

At present, not strictly enforcing laws remains a conspicuous problem in judicial activities. This problem is mainly expressed in some localities that are not making sufficient efforts to crack down on serious criminal crimes and delaying or handing down light punishments for economic crimes such as corruption. Resolutely implementing the principle of severely and quickly punishing serious criminal crimes according to law; severely and strictly punishing economic crimes according to

law; strengthening judicial supervision; correcting, according law, the phenomena that laws are not fully observed or strictly enforced, law violations are not dealt with, and power is abused; and ensuring that laws are enforced correctly in a unified manner, remain the unshirkable duties of procuratorial organs in future.

IV. Seriously Implementing the Procurator Law, Promoting the Construction of the Procuratorial Contingent

People's procuratorates at all levels adhered to the principle of "building procuratorates according to law, and strictly administering procuratorates," seriously implemented the Procurator Law, and further strengthened the procuratorial contingent.

Ideological and political construction was persistently regarded as the most important task in building the procuratorial contingent. Procuratorial personnel were seriously organized to study Comrade Deng Xiaoping theory of building socialism with Chinese characteristics, and scientific theories were used to arm them. Education on purpose, and on vocational responsibilities, vocational ethics, and vocational discipline, as well as activities to learn from typical advanced people, such as Kong Fansen, and to strive to become outstanding procurators, were carried out in the entire procuratorial system.

In April last year, the SPP held the third national meeting to commend advanced organs and individuals of procuratorial organs across the country, conferred the honorary title of model procuratorate on 15 procuratorates, honorary title of model procuratorial cadre on 60 people, and awarded citations for merit first class to 171 advanced collectives and 115 advanced individuals. According to statistics for last year, for the nation's procuratorial system, 6,967 units and individuals were awarded citations for merit, first, second, or third class; 4,230 collectives and individuals were awarded citations or conferred honorable titles, by local departments concerned, and 14 people were given the honorary title of national advanced worker.

We placed importance on building up leading bodies and strived to raise leading cadres' educational levels. According to the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, the SPP issued the "Opinion on Building Up the Leading Bodies of Procuratorial Organs," which clearly sets forth the demands on and measures for the building of leading bodies at all levels. We emphasized that leading bodies of procuratorial organs should seriously uphold democratic centralism; and that chief procurators at all levels should be politically conscious, down-to-earth workers.

leaders in handling cases, models in strictly enforcing the law, and should set a good example in working diligently and honestly. Procuratorates at the higher levels, together with local party committees, conducted mid-term inspections of the leading bodies of some procuratorates at the lower levels, adjusted and strengthened those leading bodies, and added to them a number of outstanding young cadres who had both political integrity and ability.

We truthfully enforced the Procurators Law and managed procurators according to law. According to the Procurators Law, we gradually made management of procurators more scientific and institutionalized, promoted reform of the cadres management system, and expanded and further improved the case-handling responsibility system and the system of investigating wrongly-handled cases. We formulated and issued six supplementary regulations on enforcing the Procurators Law. At the end of last year, we held the nation's first examinations for new and assistant procurators. We stepped up training of procuratorial personnel — last year we trained 820 chief procurators at various levels and more than 15,000 other procuratorial personnel.

We stepped up efforts to promote an honest work style and to enforce discipline. According to the central authorities' plan and the law, we focused on ensuring that leading cadres practiced an honest work style and self-discipline, severely investigating law- and discipline-violating cases, and correcting the unhealthy practice of handling cases overstepping one's authority and other unhealthy practices; and seriously conducted inspections of law and discipline enforcement and carried out discipline and work style rectification. Last year, we investigated 768 law- and discipline-violating personnel of the procuratorial establishment, of which there were 69 convictions. Gao Zhenjia, former chief procurator of Jiangsu's Wuxi City Procurorate, was sentenced for accepting 30,000 yuan in bribe. Procuratorial organs at all levels stepped up their efforts to improve their work systems, and strictly implemented the internal control system of separating case investigations from case examinations, arresting, and prosecuting. Procuratorates at the higher levels strengthened their leadership over those at the lower levels, supervised and inspected — in a timely manner — procuratorates at the lower levels on how they have handled cases, seriously addressed the problem of some localities handling cases that overstepped their authority and illegally intervened in economic disputes, and conducted timely investigations into erroneous decisions by procuratorates at the lower levels and rescinded them.

Conscientiously accepting the supervision of people's congresses and their standing committees and establish-

ing closer ties with people's deputies. Procuratorates at all levels seriously implemented the Constitution and laws, reported, in accordance with the requirements of the SPP's "Provisions Concerning Procuratorial Organs Accepting Supervision of People's Congresses and Their Standing Committees," and "Circular Concerning Further Establishing Closer Ties With Deputies to People's Congresses," in good time important issues in procuratorial work to standing committees of people's congresses at the same level, invited deputies to people's congresses to inspect and comment on procuratorial work, and modestly listened to their criticism, suggestions, and proposals; and seriously handled affairs entrusted by people's congresses.

The SPP and local procuratorial organs also renewed the appointment of, or newly appointed, a number of personages of democratic parties and personages without party affiliation as special procurators, and gave play to their role of taking part in, and discussing, state affairs, and of democratic supervision. Last year, many standing committees of local people's congresses made a decision on strengthening procuratorial work and this was an effective supervision over, and support, to procuratorial work.

The year 1995 witnessed a relatively great development in procuratorial work. This was the result that procuratorial organs conscientiously put procuratorial work in work for the overall situation of the party and the country, adhered to the work principle of "strictly enforcing laws, and going all out to handle cases," and that all procuratorial cadres and policemen enhanced their vigor and worked hard to fulfill their duties, under the leadership of the party Central Committee with Comrade Jiang Zemin as its core and of party committees at all levels, under the supervision of people's congresses in all localities, and with the support of governments at all levels.

At present, major problems existing in procuratorial work are: First, as the forms and means of crimes in the economic field are constantly changing, the relevant knowledge and the level of law-enforcement of some procuratorial personnel still cannot completely meet the needs of struggle.

Second, investigation and studies on new situations, and new issues in procuratorial work are insufficient.

Third, instances of a small number of local procuratorial organs taking part in local protectionism, and overstepping their power to handle economic disputes, and of cadres and policemen violating laws and discipline, have increased.

Fourth, funds for handling cases are short and technical equipment and materials needed are backward, thus restricting the development of procuratorial work.

Fifth, strength for handling cases is insufficient and some clues on crimes reported cannot be used in good time. It is necessary to overcome the difficulties and solve the problems mentioned above in future work.

Deputies:

The "Proposals of the CPC Central Committee Concerning the Formulation of the Ninth Five-Year Plan for the National Economic and Social Development and the Long-Term Target for the Year 2010" passed at the Fifth Plenary Session of the 14th CPC Central Committee is a trans-century programmatic document, which has clearly pointed out the direction of the work of people's procuratorates. Closely centering round the establishment of the socialist market economy system and the perfection of the legal system to keep in line with the system, energetically undertaking on our initiative the mission of the times and fulfilling the duties as stated in the Constitution and laws, strengthening the construction of the socialist legal system, ensuring lasting good order, and ensuring the smooth realization of the Ninth Five-Year Plan and the Long-Term Target for the Year 2010, are most important political tasks of procuratorial organs in future.

In future, procuratorial work must uphold the following: 1. Unswervingly uphold party leadership, implement the party's basic theories, basic line, and basic principles, and safeguard central authority. 2. Unswervingly uphold the guiding ideology of serving the establishment and perfection of the socialist market economy system, and of serving economic construction, and subordinate to, and serve, the overall situation of the work of the whole party and the whole country. 3. Unswervingly regard safeguarding stability as an important task, adhere to the principle of "grasping with both hands, and both hands grasping firmly," persist in integrating specialized work with the mass line, and make greater efforts to crack down on various kinds of crimes. 4. Unswervingly adhere to the work principle of "strictly enforcing laws, and going all out to handle cases," comprehensively perform duties of legal supervision, give prominence to doing a good job in the three focal points — dealing with major and important cases of corruption, severely cracking down on serious criminal activities, and strengthening law-enforcement supervision, and ensure the unified and correct enforcement of laws. 5. Unswervingly persist in developing and perfecting the socialist procuratorial system with Chinese characteristics, energetically and prudently promote the reform of procuratorial work, constantly improve the legal system

construction for procuratorial organs, and push forward the modernization and regularization of procuratorial organs. 6. Unswervingly uphold building procuratorates according to law and strictly administering procuratorial work, comprehensively implement the Procurator Law, and endeavor to bring up a contingent of people's procurators who are in keeping with the needs of the construction of the country's democracy and legal system. The SPP is making preparation for convening the 10th procuratorial work meeting, and is studying and formulating the guiding principles, major tasks, and work measures, for procuratorial work in the Ninth Five-Year Plan period and the coming 15 years.

This year is the first year for implementing the Ninth Five-Year Plan and the Long-Term Target for 2010. People's procuratorates at various levels should continually take into account the overall situation of the work of the party and government, earnestly implement the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee and the Fourth Session of the Eighth NPC, continually uphold the working guidelines of "strictly enforcing the law and paying close attention to handling cases" in accordance with the party Central Committee's overall arrangements, regard the work of safeguarding stability as an important task, strengthen procuratorial work in an all-round manner, and strive to facilitate the two fundamental changes that will, in turn, affect the overall economy. We should pay attention to properly handling the following tasks:

First, we should persistently investigate and handle major and important cases, and continually intensify the anticorruption drive. We should continually rely on the masses and mobilize them to report on criminals, carry out preliminary investigations according to law, promptly register cases, strive to close cases, and strengthen the work on prosecution and trials. We should punish according to law those criminals — regardless of how high their positions are — who abuse their powers for private gain, pervert justice for bribes, and offer or accept bribes; and absolutely will not be lenient to villains or let them run rampant. While doing our work, we should continue to vigorously investigate and handle criminal cases involving leading party and government organs, administrative and law-enforcement organs, judicial organs, and departments in charge of economic affairs, especially major criminal cases involving leading cadres at and above the county and departmental levels; criminal cases that hamper the establishment of a socialist market economy and important and major reform measures; criminal cases involving judicial, administrative, and law-enforcement personnel who play favoritism and commit irregularities; and criminal cases involving leading cadres in state en-

terprises, undertakings, and units, and leading cadres in county-level organs under the central authorities, and village and town stations and units. We should persistently eliminate both the root cause and symptoms of corruption, play procuratorial roles, and make joint efforts to handle cases so as to actively prevent and eradicate corruption.

Second, we should persistently intensify the struggle of rigorously cracking down on crimes and make concerted efforts to safeguard national security and social stability. We should resolutely and rigorously crack down, according to law, on various criminal activities that hamper national security and social order, and actively join special campaigns and key screening and rectifying tasks. We should correctly handle contradictions among the people, and earnestly implement procuratorial tasks that are required in the measures for comprehensive management of social order.

Third, we should further strengthen supervision over law-enforcement tasks so that law-enforcement tasks will be more strictly carried out. While striving to implement the policies whereby we severely and expeditiously crack down on criminal offenses according to law and severely and strictly punish culprits of serious economic crimes according to law, we should make efforts to resolve acute problems, including the phenomena in which laws are not fully observed or strictly enforced, law violators are not dealt with, and law-enforcement personnel disobey or violate laws while conducting law-enforcement tasks due to local and departmental protectionism.

Fourth, we should vigorously conduct investigation and research so as to provide better guidance in related work. People's procuratorates at various levels should vigorously investigate and study new conditions they have encountered while carrying out procuratorial work as China is developing its socialist market economy; and accurately understand and earnestly resolve the major problems they have encountered while carrying out procuratorial work so as to facilitate a healthy development in procuratorial undertakings. When procuratorial personnel encounter problems in applying specific laws, the SPP should promptly provide relevant judicial interpretations. The SPP should also expeditiously study and draft a law to fight corruption and bribery and the (amended) law governing the organization of people's procuratorates, further develop the legal system governing procuratorial organs, and continually reform and improve the socialist procuratorial system with Chinese characteristics.

Fifth, we should earnestly implement the Procurators' Law and further upgrade the contingency of procura-

tors. In accordance with Comrade Jiang Zemin's requirements on leading cadres, specified in his speech delivered at the Fifth Plenary Session of the 14th CPC Central Committee, we should vigorously and properly cultivate leading bodies. We should also stress study, politics, righteousness, and ideological and political education; strive to upgrade the contingent of procurators' political understandings; and support and protect the broad masses of cadres and policemen's enthusiasm in strictly enforcing the law and handling cases fairly. Meanwhile, we should uphold the policies of "building procuratorates according to law and strictly administering procuratorial work;" further enhance the development of a hardworking and honest government; and strictly investigate and handle cases involving procuratorial cadres and policemen who violate laws and disciplines. Additionally, we should pay attention to training cadres and strive to raise their law-enforcement capabilities. In 1996, we should rectify our discipline and work style throughout the procuratorial system; carry out civilized law-enforcement campaigns; and strengthen concepts on legal system so as to strictly enforce the laws.

Fellow deputies!

In 1996, under the guidance of Comrade Deng Xiaoping's theory of 'building socialism with Chinese characteristics' and the party's basic line, and under the leadership of the CPC Central Committee with Comrade Jiang Zemin at the core, the SPP will lead local people's procuratorates and special people's procuratorates at various levels; work with one mind; make unrelenting efforts; fully play our roles as legal supervisors; administer China according to law in an effort to safeguard social stability, ensure China's reform and opening up to the outside world, enhance its economic progress, and further develop its legal system; and make fresh contributions to developing China into a country under a socialist legal system.

PRC: Finance Minister Gives Budget Report at NPC

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[Finance Minister Liu Zhongli's Report Given at the Fourth Session of the Eighth National People's Congress on 5 March 1996: "Report Concerning the Execution of the 1995 Central and Local Budgets and the Draft 1996 Central and Local Budgets"]

[FBIS Translated Text] Beijing, 20 Mar (XINHUA) — Fellow deputies:

At the State Council's request, I am going to present to you the Report Concerning the Execution of the 1995

Central and Local Budgets and the Draft 1996 Central and Local Budgets for your examination. I would like to request Chinese People's Political Consultative Conference National Committee members also present their views on the report.

I. The Execution of the 1995 Central and Local Budgets

Continuing to uphold the basic policy of "seizing the opportunities to deepen reform, open up wider to the outside world, expedite development, and maintain stability" under the consolidated leadership of the party Central Committee and State Council, all regions and departments properly handled the relationship among reform; development; and stability in 1995, during which they continued to restructure the economic system, strengthen and improve macroeconomic regulation and control, and focus on controlling inflation and other outstanding economic problems. Consequently, the nation had a balance of economic aggregates, the economic structure was improved, and the extent of price rises came down markedly. On the whole, the national economic situation was satisfactory and all targets set for macroeconomic regulation and control were basically attained.

On the basis of economic reform and development, the execution of the central and local budgets was quite satisfactory. Preliminary statistics show that the nation's revenues were 108.7 percent of the budgetary target, reaching 618.773 billion yuan. That was 96.963 billion yuan higher than that of the year before, and a growth of 18.6 percent. The nation's expenditures were 107.1 percent of the budget, reaching 680.917 billion yuan, or 101.655 billion yuan higher than that of the preceding year and a growth of 17.6 percent. An accounts balance shows that expenditures were 62.144 billion yuan higher than revenues. Some changes in these figures will appear in the final central and local accounts.

The accomplishment of the double-entry budgets for the central and local revenues and expenditures in 1995 can be summarized as follows:

Regular revenues reached 596.156 billion yuan, or 109.1 percent of the target. The main revenue sources were: 1) taxes, which reached 570.555 billion yuan, or 106.9 percent of the budget; 2) other revenues, which reached 40.474 billion yuan, or 134.4 percent of the budget; and 3) the savings of 2.327 billion yuan from the money earmarked for subsidizing nonproductive businesses, which reached 14.873 billion yuan. Regular budgetary expenditures accounted for 74.6 percent of total expenditures, reaching 507.77 billion yuan, or 108.3 percent of the budget. The main expenditures were: 1) nonproductive capital construction projects, which reached 23.576 bil-

lion yuan, or 114.6 percent of the budget; 2) expenditures for the development of social and other services, which reached 196.688 billion yuan, or 101.5 percent of the budget. These expenditures included educational expenditures, which reached 88.799 billion yuan, or 102.3 percent of the budget; and budgets for scientific development: 9.614 billion yuan, or 96.5 percent of the budget; 3) government expenses, which reached 158.047 billion yuan, or 105.4 percent of the budget. These expenses included: Administrative expenses: 54.628 billion yuan, or 109.4 percent of the budget; and national defense expenses: 63.677 billion yuan, or 100.8 percent of the budget; and 4) expenses for price subsidies: 326.432 billion yuan, or 106.7 percent of the budget. The surplus of 88.386 billion yuan incurred from balancing regular budgetary revenues with expenditures was transferred to construction budgets.

Budgetary revenues from construction projects reached 111.003 billion yuan, or 110.8 percent of the budget. The main sources of revenues were: 1) the 88.386 billion yuan surplus incurred from regular budgets; 2) revenues from special construction projects, which reached 42.999 billion yuan, or 95 percent of the budget; and 3) the savings of 2.268 billion yuan from subsidies for productive enterprises' losses, which reached 20.382 billion yuan. Budgetary expenditures for construction projects reached 173.147 billion yuan, or 103.7 percent of the budget. That accounted for 25.4 percent of the total budgetary expenditures. The main expenditures were: 1) expenditures for productive capital construction projects, which reached 55.801 billion yuan, or 103.4 percent of the budget; 2) expenditures for funding enterprises' potential tapping, reconstruction, and development of new products, which reached 48.395 billion yuan, or 102.9 percent of the budget; 3) expenditures for supporting agricultural production, which reached 23.859 billion yuan, or 101.8 percent of the budget, and 4) expenditures for municipal maintenance, which reached 28.433 billion yuan, or 110.6 percent of the budget. A balance of budgetary revenues from construction projects with expenditures shows that expenditures were 62.144 billion higher than revenues.

The execution of the central and local budgets in 1995 shows that local authorities' revenues reached 294.579 billion yuan, or 119.1 percent of the budget. With this amount, plus the central authorities' tax refunds and subsidies of 247.062 billion yuan, local authorities' total revenues reached 541.641 billion yuan, or 110 percent of the budget. In 1995, local authorities' expenditures reached 477.024 billion yuan, or 110.6 percent of the budget. Because of this amount of expenditures, plus the 60.319 billion yuan they delivered to the state, the local authorities' total expenditures reached 537.343 billion

yuan, or 109.1 percent of the budget. A balance of the local revenues and expenditures shows that the local authorities had a surplus of 4.298 billion yuan.

The year 1995 was the first year in implementing the "Budget Law." According to this law, the National People's Congress [NPC] must examine the draft of central and local budgets and the execution of central and local budgets, and approve the draft central budget and the execution of the central budget. For your convenience in examining and approving the implementation of the central budget, we have separately summarized the execution of the 1995 central budget as follows:

In 1995, the central government's total revenues reached 384.513 billion, or 100.5 percent of its budget. These revenues included central financial departments' revenues of 324.194 billion yuan, or 110.7 percent of the budget; and revenues from local authorities, which reached 60.319 billion yuan, or 99.1 percent of the budget. The central government's total expenditures reached 450.953 billion yuan, or 100.3 percent of the budget. Of these expenditures, central financial departments' expenditures reached 203.893 billion yuan, or 99.7 percent of their budgets; and tax refunds and subsidies for local authorities, which reached 247.062 billion yuan, or 100.9 percent of the budget. The accounts balance shows that the central government had a deficit of 66.442 billion yuan, but this was within the 66.68 billion yuan limit set in the budget. On the basis of double-entry budgeting, the central government's 1995 revenues and expenditures can be summarized as follows:

The central government's regular budgetary revenues were 385.318 billion yuan, or 101.7 percent of the budget. The main sources of revenues were: 1) taxes, which reached 317.499 billion yuan, or 101.3 percent of the budget, and 2) revenues that local governments delivered to the state, which reached 60.319 billion yuan, or 99.1 percent of the budget. The central government's regular expenditures reached 343.04 billion yuan, or 101.4 percent of the budget. The main expenditures were: 1) expenditures for nonproductive capital construction projects, which reached 11.384 billion yuan, or 86.4 percent of the budget; 2) expenditures for project development and social security, which reached 21.887 billion yuan, or 99.6 percent of the budget. These included expenditures for agricultural, forestry, and water conservancy projects, which reached 3.498 billion yuan, or 103.7 percent of the budget; and expenditures for cultural, educational, scientific, and public health projects, which reached 14.869 billion yuan, or 100.4 percent of the budget; 3) government expenses, which reached 77.269 billion yuan, or 100.7 percent of the budget. These included administrative expenses, which reached 1.235 billion yuan, or 93.1 percent of the budget; and

national defense expenses, which reached 63.27 billion, or 100.7 percent of the budget; 4) expenditures for price subsidies, which reached 10.345 billion yuan, or 82.4 of the budget; 5) other miscellaneous expenditures, which reached 21.605 billion yuan, or 165.6 percent of the budget; and 6) central government subsidies for local governments, which reached 197.65 billion yuan, or 100.9 percent of the budget. An accounts balance of the central government's regular budgetary revenues and expenditures shows that there was a surplus of 42.278 billion yuan, which was transferred to the construction budget.

Budgetary revenue from construction projects under central finances amounted to 41.473 billion yuan, fulfilling 93.6 percent of the budget. The fulfillment of major revenues is as follows: 1) transferred regular budgetary balance amounted to 42.278 billion yuan; 2) revenue from special construction projects amounted to 5.285 billion yuan, fulfilling 57.8 percent of the budget; and 3) subsidies for loss-incurring enterprises engaged in production amounted to 6.09 billion yuan, 116.9 percent of the budget, eating up a portion of the revenue. Budgetary expenditure for construction projects amounted to 107.915 billion yuan, fulfilling 97.2 percent of the budget. The implementation of major expenditures is as follows: 1) expenditure for capital construction projects amounted to 29.893 billion yuan, 90.5 percent of the budget; 2) funds for enterprises' technical transformation and their trial-production of new products amounted to 13.469 billion yuan, 97.8 percent of the budget; 3) expenditure for geological surveys amounted to 6.547 billion yuan, 100 percent of the budget; 4) expenditure for assisting agricultural production amounted to 1.348 billion yuan, 96.3 percent of the budget. The remaining funds will be carried forward for next year's use; 5) subsidies from central finances for local construction projects amounted to 49.412 billion yuan, 100.9 percent of the budget. Comparing revenue and expenditure, expenditures outstripped revenues by 66.442 billion yuan.

In addition, the state revenue from loan repayments in 1995 amounted to 153.769 billion yuan, fulfilling the budget arranged at the beginning of the year. Of this, the subsidy for making up the gap between budgetary revenue and expenditure for construction projects under central finances amounted to 66.442 billion yuan, capital and interest repayments for domestic and foreign loans amounted to 86.929 billion yuan, and expenditure for loans under unified state arrangements for key construction projects amounted to 398 million yuan.

In 1995, central and local revenues were overfulfilled. First, as a result of improving and strengthening macro-control and regulation, the national economy continued to maintain a good trend of rapid and healthy development, laying a foundation for a steady growth in rev-

enue. Particularly after the implementation of the tax sharing system, various localities began to strengthen their buildup of financial resources, creating more and new revenue sources. Second, following the further improvement of the new taxation system, the collection and management of taxes were generally strengthened. Last year, we adjusted the value-added taxation system, improved our ability to prevent the use of counterfeit special invoices for value-added taxes and to recognize these counterfeit invoices, further improved the law and regulations on the management of special invoices for value-added tax, and resolved the problems in taxation institutions' operation. On this basis, taxation departments at all levels generally strengthened their collection and management of taxes, actively improved their tax collection and management methods and measures, and strengthened their tax inspection. In this way, the collection of value-added and consumption taxes gradually developed toward a balance, and a significant increase was registered in some local tax categories that were previously difficult to handle. This suggests that the new taxation system has produced positive effects.

Excessive budget expenditure manifested itself in local finances, but central financial expenditures did not exceed the budget. In 1995, there was excessive local taxation. In accordance with the requirements of the "Resolution on Implementation of the State Budget in 1994 and the 1995 Central and Local Budgets" ratified by the Third Session of the Eighth National People's Congress, various localities made more financial arrangements for payments of wage arrears at the grass roots, for grain consumption, and for some key projects, thus alleviating problems in this respect. In addition, some of the central budgetary expenditure was transferred to localities in the course of implementation, thus adding to the local financial spending burden. However, taking China as a whole, the growth in expenditures was lower by 1 percent as compared with the growth in revenue, and there was some surplus in local finances, thus changing the years-long situation in which expenditure had been in excess of revenue. This was the result of financial departments at all levels improving their management over expenditure and conscientiously implementing a moderate retrenchment financial policy. Last year, we introduced throughout the country the practice of the central authorities appraising the quotas set on provincial-level administrative expenditures; and various localities and departments also adopted many measures to economize their expenditures in light of their specific conditions. Some regions trial-implemented a provincial-level zero-base (ling ji 7190 1015) budgetary system and reset and standardized the scopes of financial allocations; others reformed their management over operating and maintenance expenditures, traveling expenditures, and tele-

phone bills; and others strengthened their control over individual expenditures and expenditures for meetings. All these produced positive effects on last year's expenditure management and also serve as a good foundation for further controlling financial expenditures during the Ninth Five-Year Plan period.

On the whole, we made great achievements in the 1995 financial work, during which the financial system was further improved, revenue steadily grew, and the increase in financial expenditures was controlled on the basis of ensuring key projects. However, we should also soberly understand the problems in our financial work: First, the central finances situation is not ideal, with a comparatively large deficit and a heavy debt. Second, some counties and townships are still having great difficulties with their revenues and their enterprises' economic results remain low, which constitute important factors restricting increasing revenues. Third, the financial and economic order is confused, with some aspects remaining serious; in particular, tax evasion, tax deception, tax arrears, and turning budgetary expenditures into extrabudgetary expenditures have not been effectively resolved. Fourth, the growth in expenditures remains too fast. Some localities are inappropriately using fund allocations for self-invested capital construction projects, and others are in arrears with the payment of staff members' and workers' wages. Problems remaining from the past should be gradually resolved. We must earnestly resolve these problems in accordance with the requirements on "enlivening state finances" set by the Fifth Plenary Session of the 14th CPC Central Committee, by deepening taxation system reform, improving financial functions, strengthening taxation management, and rectifying the taxation order.

II. Draft for 1996 Central and Local Budgets

The year 1996 is the first year of the Ninth Five-Year Plan. Making good arrangements and properly implementing this year's central and local budgets have an important bearing on maintaining sustained, rapid, and healthy national economic development and on making a good beginning in fulfilling the Ninth Five-Year Plan and the Long-Term Program for 2010. In accordance with the general requirements set by the Fifth Plenary Session of the 14th CPC Central Committee, the principles for 1996 central and local budget arrangements are: conscientiously implement the instructions of the Fifth Plenary Session of the 14th CPC Central Committee; uphold the basic policy of seizing the opportunity, deepening reform, widening the opening up scope, promoting development, and maintaining stability; further improve taxation system reform; rectify the financial and economic order; strengthen tax

collection and management; increase revenues; keep expenditures within the limits of revenues; strictly control financial expenditure; oppose all sorts of extravagant consumption; adopt measures to economize on financial resources and expenditures; and make efforts to reduce financial deficits.

According to this principle, we have drawn up a draft for the 1996 central budget and gathered local budget drafts formulated by the governments of provinces, autonomous regions, municipalities directly under the central authorities, and cities on a separate listing.

The 1996 central and local budget drafts we have gathered are as follows: The country's revenue is set at 687.218 billion yuan, an increase of 11.1 percent over last year; and the country's expenditures is set at 748.66 billion yuan, an increase of 9.9 percent over last year. Comparing the two, expenditures exceed revenues by 61.442 billion yuan.

The draft double-entry central and local budgets for 1996 can be summarized as follows:

The regular budgetary revenues will reach 662.93 billion yuan, or 11.2 percent higher than the preceding year. The main revenue sources will be: 1) taxes: 632.819 billion yuan; 2) other revenues: 45.911 billion yuan; and 3) budgets earmarked for subsidizing nonproductive businesses' losses: 15.8 billion yuan. The regular budgetary expenditures will reach 567.064 billion yuan, which will be 11.7 percent higher than the year before, and will account for 75.7 percent of the total expenditures. The main expenditures will be: 1) expenditures for nonproductive capital construction projects: 25.086 billion yuan; 2) expenditures for project development and social security: 218.223 billion yuan; 3) government expenses: 168.871 billion yuan, which will include administrative expenses of 55.256 billion yuan and national defense expenses of 70.227 billion yuan; 4) expenditures for price subsidies: 38.509 billion yuan; 5) other expenditures: 95.675 billion yuan; and 6) central and local preparation expenses: 10.7 billion yuan. An accounts balance of regular budgetary revenues and expenditures shows that there will be a surplus of 95.866 billion yuan, which will be transferred to the construction budget.

Budgetary revenues from construction projects will be 120.154 billion yuan, which will be 8.2 percent higher than the year before. The main sources of revenues are: 1) the surplus of 95.866 billion yuan transferred from the regular budgetary revenues; 2) revenues from special construction projects: 46.168 billion yuan; and 3) budgets earmarked for subsidizing productive businesses: 21.88 billion yuan. Budgetary expenditures for construction projects will be 181.596 billion yuan, which will be

4.9 percent higher than the year before, and will account for 24.3 percent of total budgetary expenditures. The main expenditures will be: 1) expenditures for productive capital construction projects: 59.459 billion yuan; 2) expenditures for businesses' potential tapping and reconstruction projects and development of new products: 49.618 billion yuan; 3) expenditures for supporting agricultural production: 26.75 billion yuan; and 4) expenditures for municipal maintenance and construction: 30.663 billion yuan. An accounts balance of revenues and expenditures shows that there will be a deficit of 61.442 billion yuan. This difference will be offset through floating bonds.

In the draft central and local budgets for 1996, local governments' revenues will be 32.941 billion yuan, which is a growth of 11.8 percent over that of 1995. Because of this amount, as well as the central government's tax refunds and subsidies of 257.735 billion yuan, the local governments' total revenues will be 587.145 billion yuan; and local governments' expenditures will be 526.826 billion yuan, or a growth of 10.4 percent over the year before. As a result of the expenditures, as well as the 60.319 billion yuan to be delivered to the state, the local governments' total expenditures will be 587.145 billion yuan. The local governments' revenues and expenditures will be balanced.

To facilitate your examination, fellow deputies, I will now explain to you certain policy issues regarding the drafting of the central and local budgets:

(1) Regarding the budgetary revenues: The nation's total revenues in 1996 will be 11.1 percent higher than that of 1995. This figure was reached after assessing and reassessing the nation's economic and financial situation as well as policy adjustments and other factors. This year, as people in all sectors are continuing to work for improving and deepening various reform projects, controlling inflation, and improving the fiscal and economic order as required by the guidelines laid down by the Fifth Plenary Session of the 14th CPC Central Committee, the macroeconomic environment will continue to improve, and the national economy will continue to maintain its momentum of a sustained, rapid, and healthy development. This will provide a relatively strong economic foundation for achieving a steady growth of revenues. Financial resources will also continue to expand as enterprises continue with their restructuring efforts and when local projects of expanding financial resources are gradually yielding results. Meanwhile, this year's tax restructuring — under which the policy governing tax reductions and exemptions will be reviewed, the tax reductions and exemptions now enjoyed by certain departments and trades will be removed, and tax collection will precede tax re-

funds — will help standardize financial and tax management and reduce losses in revenues. However, because of this year's import tax adjustments, under which tariffs will be lowered, delinquent export tax refunds will be paid up, and taxes collected for key energy and communications construction projects and for the fund for regulating state budgets will be abolished, the growth of revenues will be about four percentage points lower. Thus, the arrangements made for this year's budgetary revenues are positive and reliable.

(2) Regarding arrangements for spending the budget. The total financial spending for 1996 is 9.9 percent over last year's implemented figure, and 1.2 percentage points lower than the increase revenue rate. This is a prominent characteristic of this year's budgetary arrangements. For many years, the financial spending increase rate was higher than the revenue increase rate. This gave rise to constant increases in central financial deficits, increases in the debt burden, difficulty in financial spending at the grass-roots level, and accumulation of corresponding amounts of financial debts. Because of this, the Fifth Plenary Session of the 14th CPC Central Committee forwarded that, during the Ninth Five-Year Plan period, it is necessary to pursue an appropriately tight financial policy, regarding this as the focal point of macroregulation and control, to basically eliminate financial deficits and to control the debt scale. To implement this demand, greater efforts must be made beginning this year to cut spending, to lower the spending increase rate, and to further change the situation in which the spending increase rate is higher than the revenue increase rate. This year, central financial spending is mainly to guarantee the increase in key input, which has been explicitly stated by laws and the normal spending for wages. Appropriate arrangements have also been made for other spending according to financial ability. The increase rate of total spending is lower than the revenue increase rate by 1.6 percentage points. Arrangements on the tight side for local financial spending has also been made according to the above principle. In the past two years, the local tax revenue increase rate has been considerable. The newly added financial strength should mainly be used to solve the problem of arrears of wages for staff members and workers of administrative establishments, guarantee key spending, and cover historical debts. It is necessary to earnestly guard against increasing the base figure of regular spending. According to the present summarized central and local estimate budget this year, spending from state finance to support agricultural production and various funds for agricultural undertakings total 50.125 billion yuan, 5.219 billion yuan over the implemented figure last year, an increase of 11.6 percent; spending for culture, education, science, and public health undertakings totals 162.897

billion yuan, 16.319 billion yuan over the implemented figure last year, an increase of 11.1 percent, of which 99.4 billion yuan is for education undertakings, 11.9 percent over the implemented figure last year; and 10.763 billion yuan is for science undertakings, 12 percent over the implemented figure last year. The increase rate of all the above arrangements for key spending is higher than the increase rate of regular financial revenue. At a time when greater efforts are called for to cut or reduce spending, financial departments at all levels have already exerted themselves. What should be made clear is that in controlling total spending while ensuring key spending, various sectors must pay attention to properly solving problems in two aspects: The first is to rigorously manage the use of financial funds and earnestly increase the efficiency of various items of spending, key spending in particular. In recent years, the problem of losses and waste in the use of financial funds has been relatively serious. To make greater efforts to cut spending, it is first of all necessary to oppose extravagance and waste and increase efficiency in using limited financial strength. It is necessary to strengthen the management of using key spending and to rationally readjust the structure of funds. Agricultural spending should be concentrated on improving the infrastructure of agriculture, the spreading of agricultural science and technology, and the construction of the rural socialized service system. More spending for education and science and technology should be used to improve and upgrade existing education and research facilities, instead of increasing projects or new institutes. The second is to be determined to put other items of spending under control and earnestly prevent the use of funds earmarked for key spending for other purposes. Spending arrangements should first of all guarantee wage spending and necessary administrative expenses, and there should be no shortage in this respect. On this basis, a tight arrangement should be made for various items of spending according to the principle of adjusting spending to revenue, and the principle of running all undertakings with thrift and hard work. Of course, lowering the increase rate in spending will increase the difficulty of various sectors to make arrangements for spending. This requires various sectors to proceed from the interests of the overall situation, establish the idea of spending less, make efforts to improve fund management, and strive to do more with less money.

III. 1996 Central Budget Arrangements

For 1996, the total central financial revenue is set at 418.127 billion yuan, 33.614 billion yuan over the implemented figure of last year, an increase of 8.7 percent, of which revenue at the central level is set at 357.808 billion yuan, 33.614 billion yuan over last

year, an increase of 10.4 percent; and financial revenue to be handed over to the central government by local governments is set at 60.319 billion yuan, the same as last year. The total central spending is set at 479.569 billion yuan, 28.614 billion yuan over the implemented figure of last year, an increase of 6.3 percent, of which the central-level spending is 221.834 billion yuan, 17.941 billion yuan over last year, an increase of 8.8 percent; and the tax revenue returned to local governments and subsidies for local spending is 257.735 billion yuan, 10.673 billion yuan over last year, an increase of 4.3 percent. In balancing the revenue and spending of central finance, there is a deficit of 61.442 billion yuan, 5 billion yuan less than last year.

The central budget compiled according to the dual budget system is as follows:

Revenues in the regular central budget total 420.361 billion yuan, an increase of 9.1 percent over the 1995 figure. The main receipts will be as follows: 1) tax receipts, 349.12 billion yuan; 2) tax receipts from local governments, 60.319 billion yuan. Expenditures in the regular central budget total 369.91 billion yuan, an increase of 7.6 percent over the 1995 figure. The main expenditures break down as follows: 1) expenses for nonproductive capital construction, 12.526 billion yuan; 2) expenses for development of miscellaneous undertakings and for social security, 24.538 billion yuan; and 3) expenses for the construction of state power, 84.827 billion yuan, of which 1.257 billion yuan are administrative expenses and 69.807 billion yuan are for national defense; 4) subsidies to compensate for price rises, 11.649 billion yuan; 5) other expenditures, 24.163 billion yuan; 6) central reserves, 2.2 billion yuan; 7) regular expenses in the central budget for providing tax refunds to and subsidizing localities, 206.188 billion yuan. Revenues exceed expenditures in the regular central budget, leaving a surplus of 51.27 billion yuan to be transferred to the construction budget.

Revenues in the central construction budget total 49.36 billion yuan, an increase of 18.2 percent over the 1995 figure. The main receipts break down as follows: 1) regular budget surplus, 51.27 billion yuan; 2) receipts for special construction projects, 4.42 billion yuan; 3) subsidies to make up for losses in productive enterprises, 6.654 billion yuan, which represents a debit in the budget that has already been deducted from the receipts. Expenditures in the construction budget total 110.478 billion yuan, an increase of 2.4 percent over the 1995 figure. The breakdown of major items of expenditures is as follows: 1) expenses for productive capital construction, 32.719 billion yuan; 2) funds for tapping the potential of existing enterprises, upgrading technology, and subsidizing trial manufacture of new products, 12.671 bil-

lion yuan; 3) expenses for geological surveying, 6.844 billion yuan; 4) subsidies from the central government to finance local construction, 51.547 billion yuan. Expenditures exceed revenues in the central construction budget, leaving a deficit of 61.442 billion yuan, which is to be covered by issuing bonds. If the deficit is added to 133.169 billion yuan for servicing domestic and foreign debts and 646 million yuan of foreign loans to be invested in key construction projects this year, the total central debts for 1996 will come to 195.257 billion yuan. To make it easier for the deputies to examine my report, I will now explain the issues of policy concerning the compilation of the draft central budget:

(1) On the question of payment transfers by the central treasury to localities. In the past two years since the tax-sharing financial system was put into operation, a payment transferring system consisting of system subsidies, special subsidies, and tax refunding has been initially established. However, this system is not perfect and has not been standardized. Judging from international experiences, in establishing a standardized payment transferring system, it is not only necessary to clearly define the powers of the central government and local governments but also to set a high technological demand on the method of measuring and calculation and on the quality of statistics. At present, both subjective and objective conditions are lacking. In particular, the central government is operating under a tight budget. As the deficit is large and the debt burden is heavy, the financial resources that can be used to increase payment to local authorities in the near future are limited. Therefore, to solve the shortage of funds in nationality minority areas and other areas experiencing financial difficulties, this year the central government will do its best to transfer limited payment to some localities by selecting some objective and policy-related factors and adopting a relatively standardized method.

(2) The question of adjusting the taxation policy. The State Council has decided that China will adopt three reform measures on import and export taxes this year. First, starting 1 April this year, the average import tariff rate will be reduced from the existing 35.9 percent to 23 percent and, in principle, we will eliminate preferential treatment for certain import tariffs. Second, starting 1 January this year, the rates of tax reimbursement for exports will be reduced from the existing 14, 10, and 3 percent to 9, 6, and 3 percent respectively. The average tax reimbursement rate for exports will be reduced to 8.29 percent. In the meantime, owed tax reimbursement accumulated in the past will be repaid in two years. Third, a system of checking the account of guaranty money for imported material tax will be implemented in the processing trade. The three reform

measures are not only measures to improve and perfect China's tax system but also important steps taken by our country to unify the tax system in opening up to the outside world. They will play positive roles in further opening up to the outside world, raising the quality of opening up, creating an environment for fair competition by all enterprises, and promoting the change of the mode of economic growth. However, financially, the reduction of tariffs will directly reduce state revenues this year and the elimination of preferential treatment for import tariffs must also go through a transitional period. The reduction of the tax reimbursement rate for exports may help reduce the tax reimbursement amount for this year, but, due to the relatively large sum of owed tax reimbursement, the total amount of tax reimbursement this year will still be greater than that of the previous year. Therefore, generally speaking, the above-mentioned policy adjustment will reduce the central revenues by a great extent this year and make the arrangement of the central budget more difficult. We must adopt measures to increase income and reduce expenditure, further improve administration taxation and stop loopholes in state revenue to alleviate pressure on the central budget.

(3) The question of reducing central government financial deficits. In recent years, the central government's financial deficits have been increasing and the burden is becoming heavier year after year. This has seriously weakened the central government's macrocontrol capability, and will also influence the sustained, rapid, and sound development of the national economy. Therefore, the Fifth Plenary Session of the 14th CPC Central Committee called for basically eliminating financial deficits by the end of this century. This is necessary to maintain in the main the economy's overall balance and to further strengthen macrocontrol. Nevertheless, since the new financial and tax system is still being improved, it will take some time to eliminate preferential treatment for various kinds of taxes and standardize the administration of income and disbursement. In particular, under the situation in which there are many factors for a decrease in central revenues, it is all the more difficult to reduce financial deficits this year. In spite of this situation, we have still made great efforts to curb this year's financial deficits and the total amount of deficits is 5 billion yuan less than in the previous year.

(4) The question of state debts in 1996. This year ushers in a peak period for repayment of state debts and interest. The total amount of repayment of debts and interest will reach 133.169 billion yuan, an increase of 46.2 billion yuan as compared with the previous year. We have to issue government bonds to solve the problem. The foreign loans for the construction of some key projects

and this year's financial deficits of the central government also must depend on the issuance of government bonds. Accordingly, the amount of government bonds issued in 1996 will reach 195.257 billion yuan. To ensure the selling of government bonds, we must appropriately improve the method of selling them according to market economy requirements. Various localities and departments must actively support and coordinate the selling of government bonds.

IV. Improving Financial and Tax Reform, Strengthening Financial and Tax Management, and Striving To Fulfill the 1996 Central and Local Budgets

In carrying out financial and taxation work in 1996, we should continue to take economic construction as the central task; correctly handle the relationship between reform, development, and stability; actively promote fundamental changes in the economic system and economic growth mode; conscientiously strengthen the status of agriculture as the foundation of the national economy; earnestly implement the strategy of developing the country through science and education; continue to implement a moderately tight fiscal policy; strive to rein in inflation and improve the general standard of opening up to the outside world; promote sustained, rapid, and healthy national economic development and all-around social progress; and make a good start in achieving the "Ninth Five- Year Plan" and the Long-Term Target for the Year 2010.

(1) Developing the economy, tapping new sources of funds, and actively promoting change in the economic growth mode. After many years of construction, our country has developed a substantial economic base and scale. Nevertheless, problems such as high resource consumption, slow capital turnover, serious losses and waste, and poor economic returns are still very glaring during the stages of production, construction, and distribution. This kind of extensive economic growth mode is not in keeping with the need to develop a modern economy and is hard to sustain. The party Central Committee drew up the wise policy to effect fundamental change in the economic growth mode. For some time to come, this will be the key to developing our country's economy and tapping new sources of funds. In state finances, we should implement fiscal policy and use budgetary and taxation means and overall financial resources both within and outside the budget to actively effect change in the economic growth mode and promote economic development. First, we should vigorously step up our efforts to support agriculture with financial allocations and conscientiously strengthen the status of agriculture as the foundation of the national economy. Agriculture

is the foundation of the national economy, as well as a major issue of overall and long-term significance. While governments at all levels and all departments agree on this point, they need to intensify their efforts in practice. Besides continuing to increase input in agriculture, governments at all levels should work conscientiously to ensure that financial allocations for agriculture be delivered in full and on a timely basis, and strengthen the management of agriculture-related financial allocations by improving the efficiency of using these funds and strictly prohibiting misappropriation. Moreover, we should pay attention to guiding rural collectives and peasants to increase input in agriculture through such policy means as price subsidies and subsidies for interest payments. Second, we should improve our analysis of enterprise production and operations so that we can identify problems quickly, help enterprises adopt improvement measures and strengthen internal management, and expedite the process of reforming, reorganizing, and transforming state-owned enterprises. Third, we should actively support scientific, technological, and educational development in terms of financial allocations; strive to implement the strategy of developing the country through science and education; and increase the role of science and technology in economic growth. Fourth, we should further tighten and improve macroeconomic regulation and control; strictly control fixed-asset investment and excessive growth in consumption funds; make full use of price regulatory funds and risk control funds for grain and nonstaple foodstuffs to regulate market prices and rein in inflation; and continue to improve the macroeconomic environment.

(2) Consolidating and improving the new financial and taxation system and further rationalizing income distribution. Consolidating and improving the new financial and taxation system is an important task in establishing a socialist market economic system. In 1996, the task of reforming the financial and taxation system is to adjust and improve, as necessary, the new financial and taxation system while working to stabilize it. This is aimed at further standardizing financial and tax management. First, we will continue to improve the revenue-sharing system. While adopting interim transfer payment methods, we will study the issue of dividing duties and responsibilities between governments at different levels, and pay close attention to collecting, sorting, and computing all relevant data. We should also focus on solving prominent problems stemming from the implementation of the revenue-sharing system below the provincial level; further improve the local taxation system; and devote major efforts to solving financial problems at the grass-roots levels. Second, we should continue to improve the taxation system. We should adjust and review preferential policies on tax reductions, exemption,

and post-collection tax rebates and quicken the pace of studying policies, laws, and regulations to improve the taxation system.

(3) Vigorously improving tax collection and management and ensuring the fulfillment of our revenue budget. The gradual improvement of the new financial and taxation system in the past two years has led to substantial growth in our financial revenues. On balance, however, revenue growth still lags behind economic growth; the proportion of nationwide financial revenue in the gross national product continues to decrease; and the elasticity coefficient [tan xing xi shu 1734 1840 4762 2422] between financial revenue and gross provincial product in some fairly economically developed provinces is too low. We should adopt measures to gradually reverse this abnormal situation. The focus of this year's taxation work will be on improving tax collection and management; on tightening auditing supervision and improving tax auditing while encouraging taxpayers to compute and pay taxes of their own accord; and on vigorously promoting the use of computers in tax collection and management. We should, in particular, improve the collection of value-added tax [VAT] and consumption tax, and continue to make party and government leaders at all levels pay attention and lend support to tax collection. We should establish as quickly as possible a personal-income declaration system and a real-name savings deposit system; tighten supervision over personal incomes in the financial, commercial, and real estate sectors; improve tax payment procedures governing self-employed individuals; and use the means of taxation to effectively regulate personal incomes and close the wide personal income differential. We should take effective measures to collect overdue taxes from enterprises and prevent tax arrears from rising again. We should crack down hard on VAT evasion and cheating; solve the problem of refunding more export duties than are collected; further improve our ability to guard against and recognize fake special VAT invoices; issue a limited number of small-value special VAT invoices; adopt measures for computerizing the management of large-value invoices; establish as quickly as possible a nationwide computerized cross-auditing system for special VAT invoices; and crack down hard on illegal activities such as smuggling and fraudulently obtaining export tax refunds.

(4) Rationally adjusting the spending pattern and controlling financial expenditures. In managing expenditures, we will continue to strictly implement a moderately tight fiscal policy and make necessary adjustments to the spending pattern by resolutely curtailing expenses where necessary and by providing adequate funds for major spending categories. Given this year's

effort to cut spending growth, all localities and departments should be mentally prepared to lead an austere life; carry forward the fine traditions of waging hard struggles and building the country and doing everything through thrift and diligence; intensify the anticorruption drive; resolutely stop the unhealthy practices of going in for extravagance, waste, ostentation, and lavishness in spending public funds; and strictly control financial expenditures. We should pay attention to summing up and promoting our experiences and practices in reducing expenditures, and further intensify our efforts to publicize and implement the "Budget Law" so that various sectors will make conscious efforts to exercise strict budgetary control.

(5) Strengthening the financial legal system and vigorously restoring financial and economic order. At present, some enterprises and individuals use false customs declaration forms and invoices to wantonly and fraudulently obtain export tax refunds and to illegally buy foreign exchange. Some enterprises import materials in the name of processing trade and resell them at a profit. Some issue false VAT invoices or do business without issuing such invoices in order to avoid paying taxes to the state. Some units keep "two accounts," one of which is false. A few local governments have changed budgeted funds into extrabudgetary funds without authorization in order to avoid budgetary control and supervision. The ubiquitous "small treasures" have become a source of indiscriminately issued bonuses and squandered funds. These problems have caused heavy losses in state tax revenues and state-owned assets, disrupted the market economic order that is favorable to fair competition, and affected the effective implementation of the state's macroeconomic regulation and control policies. They have also corrupted some cadres, the party's work style, and social morals. They have caused strong resentment among the people. We must take vigorous measures to correct them and must manage finances in accordance with the law. We should further improve the legal system for financial and tax management; expedite the process of enacting financial and taxation laws; and pay attention to drawing up some financial and taxation laws and regulations. We should improve the measures for managing extrabudgetary funds. We should resolutely include in our budget all fees that should be placed under budgetary control according to the State Council's decrees. We should tighten the supervision and inspection of law enforcement efforts, and step up our efforts to combat various illegal acts. In accordance with the State Council's unified plans, we will conduct a general inspection of financial and economic discipline this year, focusing on serious violations of the law and breaches of discipline such as the practice of keeping "two accounts," tax evasion and cheating, the conversion of budgeted funds

into extrabudgetary funds, the illegal establishment of "small treasures," and the collection of unwarranted fees. Moreover, we should conduct a general inspection of the way extrabudgetary funds are used. We should sternly deal with problems that we have identified. If they constitute crimes, we should refer them to judicial organs for criminal investigation.

Fellow deputies: This year's financial and taxation work is extremely heavy, and the task of balancing the budget is quite formidable. Under the guidance of Comrade Deng Xiaoping theory of building socialism with Chinese characteristics and the party's basic line, and the correct leadership of the party Central Committee with Comrade Jiang Zemin as the core, we should earnestly implement the various resolutions adopted by the Fourth Session of the Eighth National People's Congress, unify our thinking, make concerted efforts, forge ahead in a pioneering spirit, seek tangible results, splendidly perform all tasks, and strive to achieve sustained, rapid, and healthy national economic development and to successfully perform this year's budgetary tasks.

PRC: PAP Leaders Meet With Delegates to NPC, CPPCC

**HK2903013596 Beijing JIEFANGJUN BAO
in Chinese 11 Mar 96 p 1**

[Report by reporter Chen Shenggeng (7115 3932 2577) from Beijing on 6 March: "Leaders of Armed Police Force Headquarters Hold Discussions with Deputies to and Committee Members of the 'Two Sessions'—Together They Discuss Matters of Overall Importance in Building the PAP"]

[PTS Translated Text for FBIS] "Firmly establishing a consciousness of that which should be placed in prime position, and earnestly doing well in the ideological and political construction of the People's Armed Police [PAP]." This was the common understanding reached by Yang Guoping, general commander of the PAP Units, and Xu Yongqing, general political commissar of the units, while attending a forum with the PAP deputies and committee members who attended the "two sessions."

At the forum, the deputies and committee members, in accordance with the spirit of great responsibility and in the light of their own practical experiences, spoke their mind freely and put forward many valuable opinions on building PAP units. National People's Congress [NPC] deputies Hong Shaohu [3163 1421 5706], commander of the Fujian PAP headquarters, and Hou Xiaobao [0186 1420 0202], political commissar of the Shanxi PAP headquarters, held that PAP units must firmly and unremittingly grasp the building of the cadre contingent

as basic work. At the same time, they felt that it is necessary for units, proceeding from their own characteristics, to sum up their own patterns in building their units. The NPC deputies Xu Guowu [1776 0948 2976], political commissar of the Jiangxi PAP headquarters, Wang Ziqing [3769 1311 0615], commander of the Jilin PAP headquarters, and Lin Xianze [2651 0341 3419], commander of the Sichuan PAP headquarters, noted that in recent years many new situations and many new problems had appeared in the fixed target duties of the PAP, and suggested that the organs of the PAP general headquarters should strengthen investigative research in this respect, and adopt new measures so as to guarantee that units carry out their duties in a civilized way and in accordance with the law. NPC deputies Wang Yongyin [3769 3057 6892], political commissar of the Guizhou PAP headquarters, and Si Jiuyi [0674 0036 5030], commander of the Yunnan PAP headquarters, noted their hope that the PAP general headquarters would adopt preferential policies to resolve the problems of units stationed in remote areas. NPC deputies Li Ben [2621 2609], commander of the Liaoning PAP headquarters, and Yang Jiajie [2799 1367 2638], commander of the Shandong PAP headquarters, noted that units stationed in reform through labor and education through labor camps had many difficulties in terms of their livelihood facilities and work facilities, and proposed that the PAP general headquarters hold discussions with relevant departments and adopt some basic measures to resolve the problems. Chinese People's Political Consultative Conference [CPPCC] member Li Lianxiu [2621 6647 4423], former general commander of the PAP units, held that in strengthening the building of the PAP, the most basic task is to bring into play the authority of ideological and political work.

PAP Commander Yang Guoping and Political Commis-
sar Xu Yongqing warmly thanked everyone for their
ideas on building the PAP units, and stressed that in doing
well in building PAP units it is necessary to place
ideological and political construction in primary position.
They noted that this is determined by the special
mission borne by the PAP units.

PRC: Editorial Hails Success of NPC, CPPCC Sessions

HK2903021396 Beijing JIEFANGJUN BAO
in Chinese 18 Mar 96 p 1

[Editorial: "Struggle in Unity, Carry Out Another Great Plan— Warmly Hailing the Successful Conclusion of the Fourth Session of the Eighth National People's Congress and the Fourth Session of the Eighth Chinese

People's Political Consultative Conference National Committee"]

[PTS Translated Text for FBIS] With spring's colors filling the capital, the "two sessions" have scored numerous significant achievements. After successfully accomplishing the set items on the agenda, the Fourth Session of the Eighth National People's Congress [NPC] and the Fourth Session of the Eighth Chinese People's Political Consultative Conference [CPPCC] National Committee have come to a close one after another. The historic success attained by the "two sessions" demonstrates to the world the great plan, bold vision, and strong determination of the Chinese nation to march toward the 21st century. Imbued with feelings of gratification, the officers and men of the whole Army warmly hail the complete success of the "two sessions!"

The Fourth Session of the Eighth NPC and the Fourth Session of the Eighth CPPCC National Committee are grand gatherings reflecting democracy, truth-seeking, unity, and brave advance. With a high sense of historical responsibility and the spirit of being masters of their own affairs, the attending deputies and members conscientiously deliberated the "(Draft) Outline of the Ninth Five- Year Plan for National Economic and Social Development and the Long- Term Target for the Year 2010," Premier Li Peng's report, and a series of important documents. The "Outline" and Premier Li Peng's report, which were adopted at the full NPC meeting, systematically sum up the tremendous achievements and basic experiences China has made in reform and construction during the Eighth Five-Year Plan, realistically analyze the problems and difficulties facing us, and comprehensively display the splendid prospects of China's economic and social development in the next 15 years. All the passages are permeated with the requirements of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line. They are a magnificent program for guiding the people of all nationalities across the country to vigorously advance into the 21st century. Their promulgation and implementation are sure to enormously organize, mobilize, and encourage the people of the whole country to struggle in unity for the realization of the grand objectives in the new period and for the great rejuvenation of the Chinese nation.

The next 15 years will be an important period of inheriting the past and ushering in the future, as well as carrying forward the cause and forging ahead into the future, in China's reform, opening up, and socialist modernization drive. On the basis of comprehensively attaining the second-step strategic objectives, we should take big strides toward the third-step strategic objectives, and continuously deepen economic restructuring

and gradually establish a relatively perfect socialist market economic structure to lay a solid foundation for the basic realization of modernization in the middle of the next century. To suit the new situation and tasks, the "two sessions" this year were permeated with a distinct theme: Seize the opportune moment, meet challenges, struggle in unity, and strive to attain sustained economic development, overall social progress, and the magnificent plan of advancing into the 21st century with a new attitude. To study and carry out well the guidelines of the "two sessions," we should hold on firmly to this theme.

To struggle in unity and carry out another great plan, it is first necessary to unify thinking and rouse ourselves. In conjunction with relaying and implementing the guidelines of the "two sessions," we should organize officers and men to conscientiously study the "Outline" and Premier Li Peng's report, study Chairman Jiang Zemin's important speech at the panel meeting of NPC deputies from the People's Liberation Army and a series of other important speeches, and study the relevant central documents. Through studies we should make clear our objectives, recognize our responsibility, strengthen our resolve, arouse our fighting will, and wholeheartedly contribute to the realization of the magnificent blueprint.

The next five to 15 years will also be an important historical period for the development of our Army. The "Outline" has set requirements for stepping up the modernization of national defense, and the Central Military Commission has also made planning for army building during the Ninth Five-Year Plan. As the struggle objectives are clear and the major principles defined, the key lies in doing solid work. We should follow Comrade Deng Xiaoping's idea on army building in the new period and the principle of military strategy for the new period and, in line with the overall requirements of Chairman Jiang Zemin's "five sentences," comprehensively step up quality building, unswervingly take the road of building the best armed forces that China's conditions permit, and constantly increase our defense and combat capability; set our eyes on winning local wars under high-tech conditions, pay serious attention to ideological and political building, war preparedness training, weapons building, management education, logistic support, and reserve forces building in order to comprehensively improve combat effectiveness; and build powerful armed forces by relying on science and technology and strive to train and build up cross-century qualified personnel. Through solid work and unremitting efforts we should raise the building of a revolutionary, modern, and regular Army to a new level, and more satisfactorily undertake the sacred task of defending the sovereignty

of our territorial land, air, and sea and maritime rights and interests, safeguard the reunification of the motherland, protect social stability, and provide a powerful security guarantee to the achievement of China's magnificent cross-century objectives. Senior and middle-ranking cadres are the backbone force in army building. To struggle in unity and carry out another great plan, the key lies in strengthening the contingents of cadres at all levels, especially the contingent of senior and middle-ranking cadres. We should pay attention to implementing the "View of the General Political Department on Stepping Up Education and Management of Senior and Middle-Ranking Officers in the Army," which has been endorsed by the Central Military Commission, and make it a real success. As for senior and middle-ranking cadres, their primary tasks is to pay attention to politics. In paying attention to politics, the Army should set higher standards and stricter requirements. We must implement its requirements for the development of leading cadres, persistently arm ourselves with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, uphold the party's absolute leadership over the Army, resolutely obey the commands of the party Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core, consistently maintain the distinctive political character and noble spirit of communists despite the corrosive influence of decadent ideas and culture, and foster a good image among the masses. Moreover, we should implement its requirements in all fields of army building. In close conjunction with the ideological realities of cadres and fighters under the new situation, we should adopt various methods to make education in making patriotic contributions, in fostering a revolutionary outlook on life, and in the need to respect cadres, cherish soldiers, and carry out hard struggle more lively, down-to-earth, and effective, and intensify the building of spiritual civilization so that the Army can continuously stand at the forefront of society in this respect.

The 21st century is drawing near. The magnificent prospects of our great motherland and the grand objectives of our Army's modernization drive are inspiring us. Let us rally more closely around the party Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core and stride proudly toward the new century with a new attitude!

Political & Social

PRC: Jiang Zemin Speaks at University Forum, Stresses Education

*OW2803160396 Beijing XINHUA in English
1543 GMT 28 Mar 96*

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — President Jiang Zemin today called on the country's educational sector to meet the need to train people for China's massive modernization drive.

Jiang also said that the quality and efficiency of teaching across the country should also be improved.

Speaking at a forum to mark the 100th anniversary of the founding of Jiaotong University which falls on April 8, Jiang said, "Trying to institute a socialist educational system with Chinese characteristics is a precondition for achieving China's socialist modernization."

This is a "glorious common task" that teachers, and the entire Chinese people must fulfill, he added.

According to Jiang, schools must train large numbers of specialized senior personnel, as well as large numbers of technicians, managers and executives for rural areas, enterprises and institutions at grass-roots level.

The leader emphasized that in carrying out educational reforms, it is imperative to put "firm and correct" political orientation above anything else, and persist in arming all teachers and students with Marxism-Leninism and Mao Zedong Thought, particularly Deng Xiaoping's theory of building socialism with Chinese characteristics.

It is also imperative to encourage teachers and students to set a correct outlook on the world and life, and a correct concept of values, and guide them to conscientiously resist corrosive influence of various sorts of decadent ideas and culture, he added.

Jiang, who is also general secretary of the Chinese Communist Party, urged that efforts be made to make education in patriotism, collectivism and socialism more "lively, pragmatic and effective."

He said, "We must attach the utmost importance to linking education with production and labor. We must also teach students to have a correct understanding of the relation between them and the laboring people, increase their feelings for laboring people, and take the road of integrating themselves with laboring people."

He also stressed the need to make it the guideline in all schools, especially colleges and universities, to carry forward the virtues of the Chinese nation and fine tradition of the Chinese Communist Party, foster the spirit of loving the motherland, and devotion to one's

career, solidify the belief in socialism and master the skills needed for China's modernization.

"We must try to train students into socialism builders, and successors with lofty ideals, moral integrity, a good education and a strong sense of discipline," he told the forum.

The forum was attended by leading officials from Shanghai Jiaotong University, Xian Jiaotong University, Southwest China Jiaotong University and North China Jiaotong University.

President Jiang called on teachers to become good friends and guides of their students.

"All teachers, particularly young teachers, must conscientiously improve their ideological, theoretical, political and moral cultivation with Marxism," he said.

He said that it is necessary to provide necessary financing and materials to aid universities and colleges in the development of, and research, into high technology.

"Colleges and universities should try to make breakthroughs in a number of major high-tech projects, in order to better serve China's economic construction," he said.

Party secretaries and presidents of universities and colleges must try to enable themselves to become "socialist statesmen and educators," he said.

Effective measures must be taken to strengthen the Party's leadership over reform and development in colleges and universities, he noted.

PRC: Li Peng Reportedly Stripped of Decision-Making Power

*HK2903031596 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese
27 Mar 96 p 9*

[Article from "China's Politics and Economy" column by Hua Hsia (5478 1115): "Li Peng No Longer Holds Financial, Economic Decision-Making Power"]

[PTS Translated Text for FBIS] Because the selection of a successor to the premier has not yet been settled, the world anticipates that Li Peng is likely to extend his office for some time before he eventually leaves the office; even so, the impact on political power distribution in Beijing is not likely to appear today, because Li Peng has in fact turned over his financial and economic decision-making power to Zhu Rongji. Therefore, whether or not he stays in the office does not affect the current policy.

Since Deng Xiaoping's southern inspection tour, the mainland has ended economic improvement and rectification, and Deng Xiaoping has openly praised Zhu Rongji for his grasp of the economy. After negotiations within the top echelon, Li Peng is no longer in charge of financial and economic decision making, and power has mostly been transferred to Zhu Rongji. A certain group within Chinese official circles implicitly criticized "improvement and rectification," holding that it choked economic vitality, and that mainland hereafter would not resort to the approach of "improvement and rectification."

Under ordinary circumstances, the State Council premier has two major powers: first, money control, namely, financial and economic decision-making; and second, foreign affairs, namely, dealing with the ties with foreign governments. However, Li Peng first lost his financial and economic decision-making power, then in foreign affairs, on the grounds that he was deeply involved in the 4 June suppression and his image was so poor, handling foreign relations with Western countries and improving China's image has been left to the charge of Qian Qichen. And policy toward Taiwan, Hong Kong, and Macao has been under Jiang Zemin's direct care, so Li Peng's role has not been given play.

In the wake of the two sessions, the journal LIAOWANG was granted an interview with Li Peng, but the topic was "The Anti-Corruption Struggle Is a Basic Task in the Building of State Political Power," and the theme was anti-corruption, without touching upon any economic reform policies. This reflects the actual condition that Li Peng is "in charge of matters of principle but not anything substantial" [guan xu bu guan shi 4619 5711 0008 4619 1395].

In fact, when Li Peng dealt with anti-corruption, he also touched upon certain specific issues, such as "strictly prohibit transfer of budgetary funds to extrabudgetary areas," all individuals and units must not conceal their financial income, and no "books outside the books or small treasures are to be set up." Li Peng explicitly stated that this work must be left entirely in the charge of the Ministry of Finance. However, in the financial report submitted to the National People's Congress this year, nothing was mentioned on how to plug the aforesaid loopholes. Li Peng made an appeal, but the minister of finance has made no move in cooperation; this is really strange!

PRC: Report on Leadership Activities 18-29 Mar
OW2903084396

[FBIS Report] PRC media monitored from 18 to 29 March carried the following reports on PRC Central

leadership activities. The source is noted in parentheses after each report.

Zou Jiahua on Rectifying Mining Industry — At a national television and telephone conference on rectifying the mining industry on 22 March, Vice Premier Zou Jiahua stressed the importance of safeguarding state rights and interests in mineral resources and called for development and protection of mineral resources. (Beijing XINHUA Domestic Service in Chinese 1119 GMT 22 Mar 96)

Li Guixian Addresses Meeting on Placement of Cadres — The State Council held a meeting on placement of transferred military cadres into civilian jobs in Beijing on 22 March. State Councillor Li Guixian spoke at the meeting. The meeting stressed that the policy of placing transferred military cadres must be continued this year. With the approval of the State Council and the Central Military Commission [CMC], a national meeting to commend model transferred military cadres and advanced units and individuals in the placement of transferred cadres, as well as the 1996 work conference on placement of transferred military cadres, will be held in mid-April. (Beijing XINHUA Domestic Service in Chinese 0929 GMT 22 Mar 96)

Li Peng, Zhu Rongji, Wu Bangguo Greet Gold Conference — The Third National Gold Conference was held in Beijing on 22 March. Premier Li Peng sent a congratulatory letter to the conference. Vice premiers Zhu Rongji and Wu Bangguo also sent their greetings. In his letter, Li Peng said: The gold industry made rapid progress during the "Eighth Five-Year Plan" and overfulfilled the state annual production target of 100 tonnes, making vital contributions to China's economic development. He said: Gold is a special product and it benefits the country and people to develop gold resources. During the "Ninth Five-Year Plan," the gold industry must further deepen reform, widen opening up, and ensure coordinated growth of production and efficiency to reach the annual production target of 150 tonnes. Meanwhile, it is necessary to strengthen the management of gold resources and stop indiscriminate mining to ensure sustained development of the gold industry. (Beijing XINHUA Domestic Service in Chinese 0934 GMT 22 Mar 96)

Zou Jiahua Addresses Meeting Marking World Water Day — The Chinese Government held a meeting in Beijing on the evening of 22 March to mark the UN World Water Day. In his speech, Vice Premier Zou Jiahua said that China will strengthen the protection and sustained development of water resources to better serve socioeconomic development, raise the people's living standards, and improve the environment. (Beijing XIN-

HUA Domestic Service in Chinese 1450 GMT 22 Mar 96)

Li Lanqing Stresses Safety in Middle, Elementary Schools — The first national safety day for middle and elementary schools fell on 25 March this year. Li Lanqing, vice premier and member of the CPC Central Committee [CPCCC] Political Bureau, issued a television speech on the evening of 24 March. He called on the entire society to pay attention to safety in middle and elementary schools and to protect students.

To promote safety, greatly lower the rate of various kinds of injury and death, and to protect middle and elementary school students, the State Education Commission, the Ministry of Labor, the Ministry of Public Security, the Ministry of Communications, the Ministry of Railways, the State Physical Culture and Sports Commission, and the Ministry of Public Health recently issued a joint circular on the declaration of national safety day for middle and elementary school students. (Beijing XINHUA Domestic Service in Chinese 1343 GMT 24 Mar 96)

Li Tieying Attends Soccer Match Honoring He Long — Hunan Province held various sports activities recently to mark the 100th birth anniversary of Marshall He Long. Li Tieying, state councillor and member of the CPCCC Political Bureau, attended the 10th He Long Cup soccer match in Changsha City. (Beijing Central Television Program One Network in Mandarin 1100 GMT 24 Mar 96)

Zhang Wannian Unveils He Long's Bronze Statue — A ceremony was held in Hunan's Hongjiaguan on 25 March to launch a statue of Marshall He Long to mark his 100th birth anniversary. CMC Vice Chairman Zhang Wannian unveiled the statue on behalf of the CPCCC and the CMC. Zhang Wannian, Liao Hansheng, and Comrade He Long's wife separately laid wreaths at the statue. Zhang Wannian spoke on behalf of the CPCCC and the CMC and recounted Comrade He Long's revolutionary and fighting life. (Beijing XINHUA Domestic Service in Chinese 1435 GMT 25 Mar 96)

Huang Ju Attends Engineering Academy Meeting — The Chinese Academy of Engineering held a series of report meetings in Shanghai recently on the development of new and high technology in Shanghai during the "Ninth Five-Year Plan." Huang Ju, member of the CPCCC Political Bureau and secretary of the Shanghai municipal party committee, and Shanghai Mayor Xu Kuangdi attended the meeting. (Beijing Central Television Program One Network in Mandarin 1100 GMT 25 Mar 96)

Wei Jianxing, Chen Junsheng Present Greening Awards — A meeting was held in Beijing on 25 March to present awards to advanced units and individuals on greening and beautification projects. Wei Jianxing, Chen Junsheng, and others presented the awards to the recipients. (Beijing Central Television Program One Network in Mandarin 1100 GMT 25 Mar 96)

Ding Guangen, Li Tieying Attend Film Conference — A national work conference on film making was held in Hunan's Changsha City from 23 to 26 March. Ding Guangen, member of the CPCCC Political Bureau, member of the CPCCC Secretariat, and head of the Propaganda Department; and Li Tieying, state councillor and member of the CPCCC Political Bureau, attended the conference. In his speech, Ding Guangen stressed that it is filmmakers' fundamental task to produce more excellent films to encourage the people and satisfy their growing spiritual and cultural needs. Li Tieying called on filmmakers to create more films with Chinese style and gear them toward the world and 21st century. (Beijing XINHUA Domestic Service in Chinese 0045 GMT 27 Mar 96)

Li Tieying Stresses Need To Invigorate Small Enterprises — At a forum of some provinces and municipalities on reforming small enterprises in Hunan's Changsha City on 27 March, Li Tieying, state councillor, member of the CPCCC Political Bureau, and minister of State Commission for Restructuring Economy, stressed that further opening up and invigorating small enterprises as well as strengthening reform efforts for state-owned small enterprises is an important task in effective development of the entire national economy. Li Tieying also inspected enterprises in Hunan and held discussions with plant managers on enterprise management and reform. (Beijing XINHUA Domestic Service in Chinese 1407 GMT 27 Mar 96)

Hu Jintao, Song Ping, Luo Gan Mourn Officials's Death — Comrade Li Dengying, former party secretary, governor, and people's congress standing committee chairman of Gansu Province, passed away in Beijing on 17 March at age 82. Comrades Hu Jintao, Song Ping, Luo Gan, and Yang Jingren extended their condolences and sympathy to the bereaved family. (Beijing XINHUA Domestic Service in Chinese 1137 GMT 27 Mar 96)

Wen Jiabao Mourns Mathematician's Death — Well-known mathematician Chen Jingrun died recently after a long illness. In his condolence message, Wen Jiabao, alternate member of the CPCCC Political Bureau and member of the CPCCC Secretariat, praised the mathematician's outstanding achievements in the mathematics field. (Beijing XINHUA Domestic Service in Chinese 1123 GMT 27 Mar 96)

Jiang Zemin Writes Name of He Long Bronze Statue
 — The Hubei Provincial CPC Committee and provincial government held activities in Honghu City on 27 March to mark the 100th birth anniversary of Marshall He Long and inaugurate his bronze statue. Jiang Zemin personally wrote Marshall He Long's name for the statue. The statue was erected to commemorate the marshal's glorious revolutionary struggle during his lifetime. (Beijing Central People's Radio Network in Mandarin 1030 GMT 27 March 96)

Song Jian Addresses Meeting on Environmental Protection — Speaking at the eighth meeting of the State Council's Third Committee on Environmental Protection on 28 March, State Councilor Song Jian pointed out that in line with the "Ninth Five-Year Plan" for National Economic and Social Development and the Long-term Target for the Year 2010, it is necessary to strengthen unified supervision and control of the environmental protection tasks and strive to solve problems to achieve the objectives in environmental protection during the "Ninth Five-Year Plan." (Beijing XINHUA Domestic Service in Chinese 1648 GMT 28 Mar 96)

PRC: Buddhist Scholar: Believers Support New Panchen Lama

*OW2903022096 Beijing XINHUA in English
0152 GMT 29 Mar 96*

[FBIS Transcribed Text] Lhasa, March 29 (XINHUA)
 — A leading Buddhist scholar has said that the 11th Panchen Lama, Jizun Qamba Lhunzhub Qoigyijabu, is indeed the only soul boy of the late 10th Panchen Lama.

Sarkam Gagen Cering, a 67-year-old lama from the Zhaxi Lhunbo Lamasery, the seat of the Panchen Lama, said that the boy's movements bear a striking resemblance to those of the late 10th Panchen Lama.

"When he blesses a person by touching his or her head, waves, prays or kowtows, we all feel as if the late 10th Panchen Lama is alive again," Gagen Cering, a Buddhism scholar, said.

Pilgrims flocked to the Zhaxi Lhunbo Lamasery from the city of Xigaze, where the lamasery is located, the regional capital of Lhasa, as well as from Qinghai and Gansu provinces. Many of them come to pay respects to Jizun Qamba Lhunzhub Qoigyijabu, the 11th Panchen Lama.

Gagen Cering, who is also the deputy director of the lamasery's Democratic Administrative Committee, said there were even more pilgrims present when the 11th Panchen Lama is in the lamasery.

Many old people were so excited at the sight of the Panchen Lama that tears streamed down their cheeks, he said.

Reviewing the reincarnation of the former Panchen Lamas, Gagen Cering said the practice of drawing lots from a gold urn, to decide the selection of the new Panchen Lama, is the most convincing and fair method.

He added that the 11th Panchen Lama was chosen this way in front of the statue of Sakyamuni, the founder of Buddhism, as the reincarnated boy of the late 10th Panchen Lama.

"All Tibetan Buddhists trust this choice," he added.

As a member of the group in charge of searching for the soul boy of the late 10th Panchen Lama, Gagen Cering took part in all the important search activities.

He said the search and confirmation of the soul boy complied with historical conventions and religious rituals.

"Jizun Qamba Lhunzhub Qoigyijabu is the sole 11th Panchen Lama," exclaimed Gagen Cering.

"No one, not even the Dalai Lama, can impose a Panchen Lama on us. Neither we lamas in the Zhaxi Lhunbo Lamasery, nor the Tibetan buddhism believers will accept that," he noted.

PRC: Military Leaders Speak at Forum on Books on Marshals

*OW2803163896 Beijing XINHUA in English
1548 GMT 28 Mar 96*

[FBIS Transcribed Text] Beijing, March 28 (XINHUA)
 — A forum marking the publication of a series of books on China's nine marshals was held today in Beijing's Great Hall of the People.

The books, published by the Guangdong Education Publishing House, feature the early lives of Zhu De, Peng Dehuai, Liu Bocheng, He Long, Chen Yi, Luo Ronghuan, Xu Xiangqian, Nie Rongzhen and Ye Jianying, and their contributions to China's revolutionary cause.

At the forum, senior military leaders Zhang Zhen and Yu Yongbo called on the people, youngsters in particular, to learn from the marshals' firm faith in Communism, and their unselfish dedication to China's revolutionary cause.

Science & Technology

PRC: Soft Science Research Institute Established

OW2803163996 Beijing XINHUA in English
1546 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — A new institute for researching soft science has been set up at Qinghua University here.

The institute, named The 21st Century Development Research Institute, will focus on studying soft science and applying research results to economic construction and reforms, according to Wang Dazhong, president of Qinghua.

The institute will also play a role as an adviser to China's policy-makers and central and local governments, Wang said.

Qinghua has a complete set of majors and courses of study vital to China's economic and scientific departments. The institute is expected to make great contributions to China's development in the next century, Wang said.

PRC: Harbin Institute Draws Attention of Researchers Worldwide

OW2903084096 Beijing XINHUA in English
0639 GMT 29 Mar 96

[FBIS Transcribed Text] Harbin, March 29, (XINHUA) — Researchers from the international community are reported to be looking for cooperation with Chinese scientists in looking for breakthroughs in the study of AIDS [acquired immune deficiency syndrome].

The Harbin Veterinary Institute of the Chinese Academy of Agricultural Science, which became known for developing a cure for horse infectious anemia, has attracted the world's attention once more because of similarities in the virus of horse infectious anemia and that of AIDS.

In the 1950s, the institute started doing research on horse infectious anemia. After several years of efforts, the institute eventually developed a vaccine for horse infectious anemia in 1982. Up to now, it is still the only vaccine of its kind for controlling the spread of the disease, a local source says.

Scientists believe that the disease's virus is similar to the AIDS virus both in the mechanism and in mutability.

"We may make a big step forward in dealing with AIDS through a comparative study of these two viruses," said one researcher from the institute.

According to the local source, researchers from Japan and the U.S., along with Chinese scientists are making efforts at more effective cooperation.

PRC: Daya Bay Nuclear Plant To Shut Down 'Temporarily'

OW2903005396 Beijing ZHONGGUO XINWEN SHE in English 0530 GMT 28 Mar 96

[FBIS Transcribed Text] Hong Kong, March 28 (CNS) — The Daya Bay Nuclear Station in Guangdong will be temporarily shut down.

According to sources, the No. 1 generating unit (Unit one) of the Station will commence its second refuelling outage on March 31, 1996.

During this outage, apart from regular inspection and replacement work required under the annual maintenance programme, all guide tubes for the control rods will be replaced by those of a proven design to improve the control rod drop-time.

This outage period will last for 80 days and Unit one is scheduled to return to the grids in mid June 1996.

With Unit two's second refuelling outage coming to its end, its exciter, which provides magnetic flux to the generator to facilitate electricity generation, experienced problems in the tests on March 6, 1996.

The exciter has been sent back to the supplier GEC-A in the UK for investigation and repair. This is expected to take nine weeks to complete.

GEC-A has confirmed that the cause of the exciter damage is not generic and the exciters for both generating units installed in the station are identical and therefore interchangeable.

According to sources, as soon as the outage of Unit one begins, the exciter from Unit one will be transferred to Unit two to facilitate the latter's return to service. Therefore, Unit two is thus expected to be connect to the grids after passing all the stringent tests around mid April 1996.

The Unit two's exciter under repair in UK is expected to return to Daya Bay before the end of May and be installed into Unit one in time to meet the completion of Unit one outage by mid June 1996.

Experts emphasised that the exciter is part of the turbinegenerator equipment installed in the Conventional Island and therefore has no nuclear safety impact whatsoever.

They say that outage times have been agreed by the relevant authority which have already made electricity

supply arrangements to ensure that the consumers will not be affected.

Military & Public Security

PRC: Journal Unveils Leaders of 2d Artillery Corps
HK2903013896 Hong Kong KUANG CHIAO CHING
in Chinese 16 Mar 96 No 282, pp 38-39

[Article by Ma Ning (7456 1337): "Who Commands the 2d Artillery Corps — Unmasking the Mysterious Veil of the 2d Artillery Corps"]

[PTS Translated Text for FBIS] 2d Artillery Corps Makes Public Appearance

In 1963, in the closely guarded office building of the CPC Central Military Commission [CMC], high-level leaders in Beijing held the commission's 198th session. The session resolved to build a strategic missile base as soon as possible. A year later, the relevant departments submitted a report on the establishment of China's first missile base at a certain location in northern China.

On 19 October 1966, Premier Zhou Enlai and Director of the Commission of Science, Technology, and Industry for National Defense Marshal Nie Rongzhen were presiding over an extraordinary meeting at the Jiangsu Hall of the Great Hall of the People, a work meeting which heralded the "integration" of missiles and atomic bombs. Leading scientists, generals, and relevant leading persons attended the meeting. Two years prior to this, in October 1964, China successfully exploded its first nuclear device. At the meeting, Zhou Enlai stabbed at the air with his right hand and said: "After our successful nuclear explosion, some people laughed at us and said that we had ammunition but no guns. What they were saying was that although we now have atomic bombs, we do not have the necessary delivery vehicles. We must use guided missiles to launch our atomic bombs. We must answer the Western challenge with real action."

On 24 October 1966, Mao Zedong approved the report on the test launch of guided nuclear weapons. In the small hours of 27 October, following a loud explosion and the ascent of a mushroom cloud, China declared to the world that the Chinese not only had atomic bombs but also the necessary delivery vehicles. China also possessed its first medium-range missiles.

A special unit which has mastery of modern sophisticated weaponry — the 2d Artillery Corps — was officially born among the ranks of the Chinese Army. The name was chosen by Zhou Enlai himself. It had been a mysterious unit which kept itself well hidden in the deep mountains until the 1984 National Day armed forces re-

view when it broke its 18-year silence and made its first public appearance.

Military Leaders of the 2d Artillery

The present leading body of the 2d Artillery is shown in the following table:

Duty	Name	Rank	Date of Appointment
Commander	Yang Guoliang (2799 0948 4731)	Lieutenant General	May 1993
Political Commissar	Sui Yongju (7131 3057 5282)	General	February 1993
Deputy Commander	Li Qianming (2698 0467 2494)	Major General	January 1993
Deputy Commander	Zou Yoqizhao (6760 3057 6856)	Lieutenant General	December 1992
Deputy Political Commissar	Cao Heping (2580 0735 1987)	Lieutenant General	March 1995
Chief of Staff	Zhao Xijun (6392 6932 0689)	Major General	August 1994
Political Department Director	Chen Tingjun (7115 1694 0689)	Major General	March 1994

Lieutenant General Yang Guoliang, commander of the 2d Artillery Corps, is also a member of the CPC Central Committee. A native of Zunhua, Hebei, he was born in March 1938 and is now 58 years of age. He has a university education and has been a member of the CPC since May 1961. He graduated from Beijing College of Aeronautics in 1963. In 1985, he was elected alternate member of the CPC Central Committee at the National Conference of the CPC. That same year, he was appointed Deputy Commander of the 2d Artillery Corps. At the 13th CPC National Congress in 1987, he was again elected alternate member of the CPC Central Committee. In 1988, he was conferred the title of major general. At the 14th CPC National Congress in October 1992, he was elected a member of the CPC Central Committee. He has been commander of the 2d Artillery since November 1992.

**2d Artillery Political Commissar Sui Yongju
Promoted to General**

Sui Yongju, political commissar of 2d Artillery who was recently promoted to general, is also a member of the Central Committee's Discipline Inspection Commission.

A native of Jinxian, Liaoning, Sui Yongju was born in October 1932 and is now 64 years old. He joined the CPC and the PLA in 1950. In 1955, he was appointed battalion secretary of a certain regiment under the Lushun-Dalian Garrison District. In 1957, he was appointed secretary of the political section of a certain border-defense regiment of the Public Security Units. He has been involved with the 2d Artillery Corps since its establishment. In 1964, he was chief of organization unit, political section, engineering construction regiment, 2d Artillery. In 1970, he was appointed director of the political section of that regiment. Between 1973 and 1978, he was head of organization of the political department of a certain 2d Artillery base. Between 1978 and 1980, he was regimental political commissar of a certain base. Between 1980 and 1983, he was deputy director of the political department of a certain 2d Artillery base. Between 1983 and 1985, he was the political commissar of that base. In 1985, he was promoted to director of the Political Department of the 2d Artillery. He was appointed deputy political commissar of the 2d Artillery in 1990. In October 1992, he was elected a member of the Central Discipline Inspection Commission at the 14th CPC National Congress. He has been political commissar of the 2d Artillery since November 1992. He was made a major general in September 1988, promoted to lieutenant general in 1990, and further promoted to general in January 1996. He is one of the 22 top generals on active duty.

Other major leaders of the 2d Artillery also include Fang Xinwen [2455 2450 2429], Sui Mingtai [7131 2494 1132], Gao Tongsheng [7559 0681 5116], An Zhenshan [1344 2182 1472], Xiong Yuanji [3574 0337 0679], Chen Youguo [7115 2589 0948], Peng Senming [1756 2773 2494], Qi Qinglun [2058 1987 0243], Wen Shuren [2429 2579 0088], Zhao Shuri [6392 2579 2480], Ge Dongsheng [5514 2639 0581], Jia Wenxian [6328 2429 0341], Li Zhongwu [2621 6945 2976], Zhu Kunling [2612 0981 3781], Zhao Guimao [6392 6311 0602].

***PRC: Lanzhou Military Commander on Army Traditions**

96CM0003A Beijing RENMIN LUNTAN [PEOPLE'S FORUM] in Chinese 8 Aug 95 No 8, pp 6-7

[Article by Liu Jingsong [0491 4737 2646], Commander Lanzhou Military Command: "Carry On and Carry Forward Our Army's Fine Traditions"]

[FBIS Translated Text] Our army's fine traditions stem from a combination of Marxism and the armed forces' long practice in revolutionary struggle. They are the precious crystallization of the building and direction of military affairs by several generations of our military personnel, and they are a powerful spiritual support and source of motivation for our army's triumph over enemies. Our ability to steadfastly maintain and carry forward these fine traditions has a bearing on the major issues of our army's ability to maintain forever its character as a people's army, whether it can realize the goal of becoming a modern and regular revolutionary army, and whether it can meet high standards in carrying out the army's basic external function of standing up to invasion by foreign enemies to protect the country's independence and territorial integrity, and its internal function of guarding against enemy subversion, protecting socialism, protecting the people's interests, and protecting the line, plans, and policies that have followed from the Third Plenary Session of the Eleventh CPC Central Committee. For the northwestern region of the country, in particular, where environmental conditions are harsh, which lags economically and culturally, and where religious problems are complex, indoctrinating the armed forces in carrying forward the fine traditions, and in bearing firmly in mind the dual domestic and external functions of our armed forces in taking real action to protect and take part in the building of socialism holds more important real significance. Therefore, we must unwaveringly ensure that the army's fine traditions permeate every aspect of the building and reform of the armed forces during the new era, and permeate the entire process of the "three modernizations" so that they will endure for a long time and constantly shine forth. Right now, special attention must be given to the following three points:

First is adherence to the principle of "the party commands the gun," always retaining the army's staunch and correct political orientation. Our army is a Communist Party-founded and Communist Party-led people's army. Adherence to "the party commands the gun" is a basic principle and a fine tradition in the building of our armed forces. It provides the most reliable and most fundamental assurance for the development and strengthening, and for the triumph over all enemies, of our armed

forces, and it is also the prerequisite and the greatest political advantage for the victorious development of our armed forces. Most fundamental to maintenance of "the party commands the gun" is concentration in the party central committee and the central military commission of supreme leadership authority and command authority over the armed forces. "The armed forces cannot fly its own flag, no leading cadre in the armed forces may have its own clique or sphere of influence, and no organization or individual is permitted to assert independence of the party or wrest military leadership from the party. In today's tangled and complex international and domestic situation, maintenance of the party's absolute leadership of the armed forces requires continued refutation of the absurdity of a non-party, non-political armed forces that the representatives of bourgeois liberalism preach, and it requires unconditional and unwavering obedience to, and safeguarding of the absolute leadership and direction of the CPC Central Committee and the Central Military Affairs Commission of which Comrade Jiang Zemin is the nucleus. This is the supreme political principle, and it is also the highest political discipline. Maintenance of the principle that "the party commands the gun" to ensure that the armed forces will forever obey the party, and will forever place themselves under the absolute leadership of the party requires better all-around building of the party organization. Right now, we must relate the new circumstances to the realities of military life in diligently carrying out the spirit of the two "Decisions" of the CPC Central Committee and the Central Military Affairs Commission on greater building of the party organization. While tirelessly paying attention to the building of party ideology and work style, we must do a solid job of building democratic centralism, the grass-roots party organization, and a cadre corp. We must make full use of the nuclear leadership role of the CPC Committee, the combat fortress role of party branches, and the vanguard model role of the rank and file of party members. Adherence to the principle of "the party commands the gun" requires giving first place above all to the building of the armed forces and to the building of ideology and politics. In today's new circumstances in which China is intensifying reform and accelerating the development of a socialist market economy, we must pay particularly close attention to the key link of ideological education. We must focus closely on the cardinal principle of using Comrade Deng Xiaoping's theory of building a distinctively Chinese brand of socialist, concentrate energies on carrying out the four teachings of "patriotic contributions, a revolutionary outlook on life, respect for cadres and love of soldiers, and arduous struggle that Central Military Affairs Commission chairman Jiang has set forth. We must devote major efforts to solving the basic prob-

lems of "how to be an upright person and for whom we work?" We must effectively resist the influence and the corrosion of debauchery, and lay an ideological foundation that repels corruption and guards against change. In short, we must adhere to the basic principle that "the party commands the gun" under the new historical conditions, and we must give first place to "revolutionizing" the armed forces so that our army maintains a high degree of unanimity with the CPC Central Committee throughout, ideologically, politically, and in action, to ensure our army's staunch and correct political orientation, and to ensure that our army always passes political muster.

Second is adherence to a policy of "strictness in directing military affairs" to raise steadily the overall capabilities of our armed forces to fight high technology warfare. "Strictness in directing military affairs" has consistently been the ideology of several generation of our military leaders in directing military affairs. Practice shows that strict control and strict discipline is one of the basic elements in building the combat capabilities of the armed forces. This is particularly so in high technology warfare. Only when the armed forces have centralized unified command and strict military discipline and regulations can they coordinate the movements of legions to make fullest use of overall combat might. However, during peacetime, military units are prone to develop a peacetime paralysis mentality. Or lax control, slack work style, and loose discipline problems may occur despite repeated prohibitions, with mishaps and legal cases occurring from time to time. For example, some implementation orders are not carried out forcefully, situations occurring in which higher authority may have policies but lower echelons have ways of countering them. Sometimes lower echelons but not higher echelons are held to standards, or soldiers but not officers are held strictly accountable. Instances occur in which rules and regulation for restraining units are ignored, "home-made policy" and debased methods used instead to control the troops, etc. One might say that the "three slacks" is the greatest danger that building of the armed forces faces in peacetime. The main way to solve these problems is to adhere to a policy of strictness in directing military affairs, taking the five unities and the four natures as the goal, making building of the "four procedures" the main content, making implementation of all ordinances and regulations, and all laws the focus for all-around enhancement of regularization. Adherence to strictness in directing military affairs requires strict discipline and directing military affairs according to law. Chairman Mao pointed out: Strong discipline makes the revolution invincible. The building of discipline is always the most fundamental building of the armed forces. The key to building strong discipline lies in constantly

indoctrinating officers and men to abide by political discipline, organizational discipline, and military discipline of their own free will, strictly observing ordinances, directives, rules, and regulations, and acting as models in their observation of the national constitution, laws, and decrees. At present, first and foremost is the need to indoctrinate units to "obey commands in every action," and unwavering obedience to the absolute leadership of the CPC Central Committee and the Central Military Affairs Commission. This is the supreme principle and the highest discipline of our armed forces, and it is also the highest standard and highest goal in regularization. Maintenance of strictness in military matters must begin with strictness among leading cadres and leading organizations. Comrade Deng Xiaoping said: "When we speak of the need for strictness in military matters, first is the strictness of leadership teams, and the need for strictness of high level cadres." Leaders set a good example for subordinates, organizations set a good example for the grassroots, and cadres set a good example for soldiers in the observation of discipline. This is, in itself, a fine tradition of our armed forces. Maintenance of strictness in military matters requires strictness, toughness, and meeting the requirements of live warfare, particularly the requirements of high technology local wars in the training of troops. This makes possible not only the development of units of outstanding military quality, but also the training of units having an outstanding work style and discipline. Therefore, we must maintain a combination of control and training, using training to promote control, and using strict training to consolidate and develop strictness in the handling of military matters. Maintenance of strictness in military matters requires strict control and scientific control. It requires beginning with strictness in small matters, using laws and discipline for strict control of troop units. Control and education, strictness and caring, rewards and punishments must be used in combination to improve steadily the quality and results of control. Maintenance of strictness in military matters also requires the establishment of responsibility systems that emphasize echelon-by-echelon responsibility. When tasks are not performed properly, specific people must be held responsible, and the stick applied to specific people. In short, only through maintenance of a policy of strictness in military matters can military units be completely built, and can the overall high technology warfare capabilities of military units be improved steadily.

Third is maintenance of the ideology of "subordination to the common good," actively taking part in and supporting national economic construction. The character and purpose of our armed forces requires that the building of the armed forces must always be automatically subordinated to the overall work of the whole party.

This is also a fine tradition of China's armed forces. Following the Third Plenary Session of the Eleventh Party Central Committee, National economic construction became the centerpiece and the overriding concern of the party and the nation. Building of the armed forces had to be subordinate to, and serve this centerpiece and overriding concern. Actions had to be carried out automatically within this overriding concern. Doing this mean providing strong security backing for national economic construction. It must be realized that although peace and development are the main themes in today's world, that although the international situation is tending toward overall relaxation and no world war will be fought for a fairly long time to come; nevertheless, local wars and armed clashes have not stopped. Inasmuch as international and regional hegemonism exists, the world is by no means peaceful. Although the environment around China today is in the most peaceful period since founding of the people's republic, the fight over the sovereignty of territory and territorial waters and over unification of the motherland is complex and intense. Today, China is politically stable, and its economy is developing, but elements for instability still exist. Antagonistic international forces, and domestic bourgeois liberalism force and ethnic separationists are colluding with each other to increase disruptive activities against us in order to attain their evil "westernization" and "separatist" goals. Faced with this grim international and domestic situation, China's armed forces must be on guard in peacetime, be forever vigilant, and be prepared at all times to give their blood and lives to defend our country's independence and sovereignty, to defend our country's socialist endeavors, and to defend the series of lines, plans, and policies that have proceeded the Third Plenary Session of the Eleventh Party Central Committee. Right now, we must both concentrate on winning high technology local wars, actively making combat preparations. At the same time, we must take on the sacred mission of maintaining social stability, using powerful military deterrence and successful military operations to create a peaceful and stable milieu for national economic construction. We must use this as a basis for taking active part in supporting national economic construction, striving to make a contribution to the nation's enduring peace and good government, and its prosperity and strength. We must make major efforts to support key national construction projects and local public welfare undertakings, engage in widespread assistance to the needed and help for the indigent, take the initiative in shouldering urgent, difficult, and dangerous tasks in doing rescue and disaster relief work, being ever willing to share the nation's concerns and solve the people's difficulties. We must also practice a policy of hard work and frugality, make careful and

detailed calculations, stamp out waste, develop production, increase the extent to which we can provide for ourselves, and economize military expenditures to support national construction. We must vigorously carry forward the armed forces fine tradition of support for the government and love for the people, launch pervasive joint military and civilian campaigns for joint construction and founding of dually supported model cities (or counties), conscientiously perform family threshold mass work, further improve unity between the armed forces and government, between the armed forces and the people, and among all nationalities, and strive to promote national stability and development. We must make a major effort to nurture people having skills useful in both military and civilian life, running the armed forces like a large school. This is a long-range program and a strategic action affecting both the country's and the army's modernization, and it is also a concrete expression and a real action of the armed forces' subordination to the overall interests of national construction. We must plan carefully, make thorough arrangements, and genuinely devote ourselves to the important cause of training personnel possessing skills of use in both military and civilian life, which benefits the country, the armed forces, and the people, producing more talent useful for building both the armed forces and the country.

***PRC: Lanzhou Political Commissar on Revolutionary Outlook on Life**

96CM0003B Beijing RENMIN LUNTAN (PEOPLE'S FORUM) in Chinese 8 Aug 95 No 8, pp 8-9

[Article by Cao Pengsheng [2580 5338 3932], Political Commissar, Lanzhou Military Region: "Keep a Firm Grip on the 'Main Switch' of Establishing a Revolutionary Outlook on Life"]

[FBIS Translated Text] Since the entry into a new historical period, Comrade Deng Xiaoping has paid extremely close attention to the building of ideology and politics in China's armed forces. He has repeatedly emphasized the need to increase ideological and political indoctrination in the armed forces, and energetic efforts to train up revolutionary soldiers possessed of the "four haves" [revolutionary ideals, sound morals, good education, and a strong sense of discipline] to ensure that military units pass political muster. Acting in light of the international and domestic situations and the realities of building the armed forces, and from the heights of ensuring lasting stability and maintaining the character of the people's armed forces, Military Affairs Commission Chairman Jiang has explicitly called for close attention to greater building of ideology and politics in the armed forces, emphasis placed on indoctrination in

making patriotic contributions, indoctrination in a revolutionary outlook on life, indoctrination in respect for cadres and caring for soldiers, and indoctrination in arduous struggle. This is a major task in political work throughout the armed forces, and it is the main task today and for a long time to come in building ideology and politics in military units. Therefore, much daunting and painstaking work is required. Most basic in this work is keeping a firm grip on the "main switch" of establishing a revolutionary outlook on life, devoting vigorous efforts to training up revolutionary soldiers possessed of the "four haves." Only by genuinely solving the outlook on life problems of the rank and file of officers and men can the armed forces stand the grim tests they face in the new situation, vigorously withstand the influence and onslaughts of decadent ideology and culture, and debauchery, maintain a correct political orientation throughout, move ahead with all-around building of the armed forces, resolutely subordinate themselves to the absolute leadership of the CPC Central Committee and the Central Military Affairs Commission of which Comrade Jiang Zemin is the nucleus, begin to shoulder heavy historical burdens, and make new contributions to the building and protection of the socialist motherland.

1. Use the theory of building a distinctively Chinese brand of socialism as a guide for laying a solid ideological and theoretical foundation for establishing a revolutionary outlook on life.

Comrade Mao Zedong said that the battle that Communist Party members wage is to transform the objective world while simultaneously striving to transform the subjective world. The process of building a distinctively Chinese kind of socialism is not only a great change in the transformation of the objective world, but also concrete practice in transforming the subjective world. These two aspects are complementary and closely related. Failure to understand the basic principles for being an upright person is to lack firm ideological conviction without which one cannot have a spirit of arduous struggle and selfless contribution, without which one cannot resolutely support and carry out the party's basic line, and without which one cannot commit oneself freely to the magnificent task of building a distinctively Chinese brand of socialism. Furthermore, a correct outlook on life does not rise and develop spontaneously. Only unflagging, pervasive, and careful ideological education can help the rank and file of officers and men establish a lofty revolutionary ideology, staunch political convictions, and lofty moral sentiments. Practice has repeatedly demonstrated political steadfastness, and ideological and moral purity stem from ideological steadfastness and clear-headedness. The theory of building a distinctively Chinese brand of socialism not only pro-

vides a scientific reply to a series of major questions about how to consolidate and develop socialism, but also provides a penetrating analysis of how to foster staunch ideological convictions and lofty moral sentiments, and how to create a towering spiritual civilization. It is a theoretical guide and ideological weapon for the armed forces' inculcation of a revolutionary outlook on life. This requires perseverance in using the theory of building a distinctively Chinese brand of socialism to help the rank and file of officers and men understand the scientific implications of a revolutionary outlook on life for use in correcting the coordinates in life and for holding to a heading in life. It is necessary to guide the rank and file of officers and men in diligently studying volumes one through three of "Selected Works of Deng Xiaoping" for a genuine understanding of Comrade Deng Xiaoping's important exposition and outlook on maintenance of staunch political convictions for the establishment of strong spiritual underpinnings; on carrying forward the "spirit of the five kinds of revolution," arduous struggle, and selfless contributions; on improving indoctrination in ideology and discipline to train up revolutionary soldiers possessed of the "four haves"; on correctly understanding and handling the interest relationships between the collective and individuals, the long-term and the present, the overall situation and constituent parts; on taking maintenance of collectivism, patriotism, and socialist ideology as the focus for better building of spiritual civilization; on taking the "three facilitates" as a standard for judging right and wrong and advantages and disadvantages and such important analyses and points of view relating to a revolutionary outlook on life. This will enable the rank and file of officers and men to truly understand what are correct goals, attitudes and values in human life, to clarify what aspirations and value concepts a revolutionary soldier should have, to clarify foggy perceptions, and to gradually establish a revolutionary outlook of life in the course of unifying knowledge and action.

2. Pay very close attention to the substance of an outlook on life; devoting efforts to solving main problems.

Indoctrination in an outlook on life solves the basic problem of what constitutes an upright person. This has broad ramifications and a rich content. In order for indoctrination to produce outstanding results, it is necessary to grasp the essence of an outlook on life, devoting efforts to solving main problems. Comrade Mao Zedong pointed out that, in the final analysis, the world outlook question is a question of "what is man's purpose?" Jiang Zemin has also emphasized repeatedly that "it is necessary to stress indoctrination in an outlook on life and values for real solution of

the substantive problems of what is man's purpose, and how to be an upright person. Therefore, although each military unit has different circumstances and performs different tasks, and thus the content of indoctrination in an outlook on life may have a different emphasis; nevertheless, all such indoctrination must emphasize the substantive issue in an outlook on life of "what is man's purpose," and focus on producing revolutionary soldiers having the "four haves." Campaigns to learn from revolutionary role models such as Lei Feng, Su Ning, Xu Honggang, and Kong Fansheng must be conducted vigorously in troop units to arm the minds of officers and men with good examples of human life so they can take a course of making something of their lives. At the same time, some new ideas must be inculcated and some old ones swept away, particularly nebulous perceptions and mistaken notions that confuse the ideology of officers and men. Skewed reasoning must be refuted forthrightly, and help given officers and men in clarifying distinctions between right and wrong, honor and dishonor, beauty and ugliness. This requires, first of all, guiding them in correctly understanding and handling the correlation between giving and taking so that a value orientation of wholeheartedly serving the people, and giving selflessly becomes the automatic choice of the rank and file of officers and soldiers. Second is to guide them in correctly understanding and handling the correlation between the individual and the collective, automatically subordinating the interests of the individual to the interests of the revolution, subsuming the individual and individual life pursuits into the great cause of reforming and building the country and the armed forces. Third is guiding them in correctly understanding and handling the correlation between struggle and enjoyment. They must strive to temper themselves in arduous circumstances, foster lofty cultural and ethical pursuits, maintaining throughout the inherent political qualities of a people's army. Thus, the cadres will truly understand "for whom they are acting as officers and whom they are serving," and the soldiers will truly understand "for whom they are acting as soldiers, and how to be upright persons." They will automatically work toward the goal of the people's army wholeheartedly serving the people, and they will maintain and carry forward the spirit of arduous struggle, giving selflessly for the modernization of the armed forces.

3. Strive vigorously to advance and enrich the traditional moral excellence of the Chinese people and the fine military traditions of our party, practicing a revolutionary outlook on life in the course of doing more to build spiritual civilization in the armed forces.

It must be realized that during the process of reform and opening to the outside world, and development of a market economy, which have played a positive role in spurring change in people's ideological and moral concepts, some negative influences have also appeared. Some people have become doubtful and vacillating about continuing and carrying forward the superb cultural traditions and moral concepts of the Chinese people, and about whether to continue and carry forward the fine traditions and work style that our party and our army have shaped through long revolutionary practice and construction. This has adversely affected the establishment of a revolutionary outlook on life among the rank and file of officers and soldiers. The traditional moral excellence of the Chinese people provides the social, historical, and cultural foundation for the building of socialist spiritual civilization. The fine traditions of our party and our armed forces provide the political strength and the spiritual pillars for building our armed forces and educating people. In giving indoctrination in an outlook on life, whether understanding the basic precepts underlying being a person of integrity, or inculcating lofty ideals and convictions; whether solving ideological problems such as weal and woe, advantages and disadvantages, honor and dishonor; whether criticizing and opposing mistaken ideological and moral tendencies, study, assimilation, and carrying forward the traditional moral excellence of the Chinese people and the fine traditions of the party and armed forces cannot be forsaken. In this sense, indoctrination in a revolutionary outlook on life is, in itself, to carry forward the traditional moral excellence of the Chinese people and the fine traditions of our party and our armed forces, and an objective necessity in doing more to build spiritual civilization in military units. Northwest China is the cradle of the Chinese nation. The historical events that occurred on this piece of land, the historical figures who came to the fore, and the numerous historical artifacts left behind embody the traditional moral excellence of the Chinese people. They contain the deeply etched principles for being a person of integrity. Indoctrination in an outlook on life entails the use of many forms and methods such as organizing visits to historical sites, reading books, and giving lectures to familiarize the rank and file of officers and men with the traditional moral excellence of the Chinese people from which they can draw political nurture, distill ideological values, and stimulate revolutionary spirit. Northwest China is the birthplace of the Yanan Spirit. This military region has numerous Red Army divisions and Red Army regiments that have a glorious tradition. In recent years, all military units have made carrying forward the Yanan Spirit an important component in their greater building of

ideology and politics, for the formation of a distinctive Karakorum Spirit, a Helanshan Spirit, and a old Plateau Spirit in the northwest region. We must be adept at using this advantage, organizing visits, attending classes on revolutionary traditions, paying respects to revolutionary sites, remembering revolutionary martyrs, and practicing the fine traditions of our armed forces. We must make sure that the rank and file of officers and men study and feel the spirit and the lofty morality of the arduous struggles and patriotic contributions of the first generation of revolutionaries, and consciously contribute their intelligence and wisdom to the interests of the country and the people, and to the building of the armed forces. We must genuinely improve the ideological, political, scientific, and cultural caliber of the rank and file of officers and men in the practice of doing more to build spiritual civilization in troop units in accordance with the request of Chairman Jiang to run military units like a large school, thereby retaining a people's army character in advancing the complete building of the armed forces.

***PRC: Nanjing Commander on Need for Strict Military Affairs**

96CM0003C Beijing RENMIN LUNTAN (PEOPLE'S FORUM) in Chinese 8 Aug 95 No 8, pp 10-11

[Article by Gu Hui (0942 6540), Commander Nanjing Military Command: "Be Strict in Military Affairs to Improve the Regularization of the Armed Forces"]

[FBIS Translated Text] More than half a century ago, the fascist atrocities of Japanese militarism created unprecedented havoc and very grave suffering for the Chinese people. During this struggle, which determined whether the people of the country would live or die, survive or perish, China's sons and daughters confronted the common enemy, responded to the nation's plight to fight bloody battles without fear of the ferocious adversary, and made an enormous national sacrifice. After eight years of unsurpassed arduous armed struggle, they won the first complete victory in China's modern history against the aggression of a foreign enemy.

Those who remember the past are not doomed to repeat it. The history of the war of resistance against Japan warns us that to be backward is to be vulnerable. To make our own way in the thicket of the world's peoples, we must become a prosperous and militarily powerful country. We must persevere in economic construction, devote major efforts to greater building of national defense, and increase our national defense capabilities. Although the overall situation in the world today has eased, hegemonism and power politics still remain. The danger of war has by no means disappeared. There-

fore, we must keep a clear head and necessary vigilance. We must completely improve the quality of our armed forces, improve the combat ability of our military units, and emerge on the world military stages as an army dedicated to a just cause and one that is able to fight. This holds extremely important real significance and far reaching historical significance for effectively preventing war, winning peace, and avoiding a recurrence of historical tragedies. Armed forces building is a tremendous piece of systems engineering. In directing work today, it is particularly necessary to emphasize strictness in military affairs, search for truth, and practicality. Strictness in military matters is an important ingredient in thinking about building the armed forces during the new Deng Xiaoping era. It is an issue that Chairman Jiang has repeatedly emphasized since taking charge of the work of the Military Affairs Commission, and it is also a general rule that both ancient and modern armies, and Chinese and foreign armies have followed in running armies. It reflects objective requirements for the building of armed forces. In today's new historical conditions, only by adhering to strictness in military matters will it be possible to improve steadily the degree of regularization of our armed forces, and maintain throughout a high degree of stability, centralization, and unity.

Strictness in military matters, search for truth, and practicality require improvement of standards for building the armed forces and better quality. Generally speaking, the standards for building military units are those set forth by Military Affairs Commission chairman Jiang of "political qualification, military superbness, outstanding work style, stern and impartial discipline, and powerful backup. Attainment of this goal means that all work that military forces do will be superb in every way. In wartime, they will be able to drive the enemy before them. The operating standard must be readiness to carry out tasks and readiness to fight at all times. During periods of relative peace, although the armed forces have numerous cares to mind, the main one is readiness to fight, and readiness to deal with surprise incidents and local wars at any time. This is the point of departure and the point of return for all work. Practice has shown that all when we consciously use fighting as the standard for building the armed forces can all problems be easily solved. Then we will have a combat readiness system, training will be strict, ideological work will be done, and all forms of support will keep pace. Therefore, leaders at all levels must keep this standard in the back of their mind. They must clarify their approach to work, and work harder to make strictness in military matters a reality. They must focus on improvement unit combat capabilities, doing more real work. Right now, they must particularly stress maintenance

of the party's absolute leadership of the armed forces, and on greater building of military unit ideology and politics. They must practice the principle of providing training for real warfare conditions, making training difficult, strict, and in line with the needs of actual warfare, improving units' military training, and improving units real combat capabilities. We must persevere in strictness in military matters according to law, take a firm hand in running units, emphasize solution to problems in managing cadres and leading troops under the new circumstances, and steadily increase the regularization of troop units. In short, we must take combat as the standard. We must do real, painstaking, and effective work so that all work will stand the test of historical experience and stand the test of combat.

Strictness in military matters, search for truth, and practicality require major efforts to carry forward our army's fine traditions to lay a foundation for the building of military units. In the course of more than half a century of revolutionary struggle and practice in building, our armed forces have accumulated rich experience and shaped a body of effective, fine traditions. These fine traditions reflect the objective requirements for building military units, and they are also principles that we must follow when being strict in military matters. Despite some new changes that have taken place in the environment and conditions for building our armed forces, no change has occurred in the character, the purpose, and the functional role of our armed forces. This means that carrying forward the fine tradition remains an important topic in our building of the armed forces. We must conduct indoctrination in patriotic contributions, revolutionary outlook on life, respect for cadres and love for soldiers, and arduous struggle so that every officer and soldier is versed in our army's fine traditions, and correctly understands their true essence, thereby laying a fine ideological and theoretical foundation. We must persevere in carrying on and bringing forth dialectical unity, imbuing our fine traditions with the content of a new era as circumstances change so that they become a spiritual fountainhead that is always available and that can be tapped without end. We must acquaint ourselves fully with the realities of building military units, and make sure that all work is done thoroughly. The fundamental goal in carrying on traditions is to solve real problems that occur in order to move ahead with the building of the armed forces. We must answer and solve the real ideological problems that reform and opening to the outside world, and development of a socialist market economy occasion for officers and men in order to increase their confidence in following a distinctively Chinese socialist course. We must answer and solve a series of concrete problems encountered in the building of the armed forces to increase awareness about doing a

good job of combat preparedness, training, management, and ideological indoctrination to lay a solid foundation for building of the armed forces. We must answer and solve real problems that officers and men encounter in their work and daily lives in order to encourage them to love their work and to devote themselves to national defense. Leaders at all levels must act as live models of our army's fine traditions by earnestly putting them into practice, the fine traditions thereby being passed along from generation, carried forward, and brightened in the long historical course of building our armed forces.

Strictness in military matters, search for truth, and practicality are bound to improve the building of ideology and politics, give the officers and men a better awareness of rules and regulations, and ensure that government and military orders are carried out. The most fundamental task in improving the building of ideology and politics in the new era is the one that Military Affairs Commission chairman Jiang emphasizes, namely profound study of Comrade Deng Xiaoping's theory for building a distinctively Chinese brand of socialism, sticking to the use of scientific theories to arm the minds of officers and soldiers. We must use thorough, painstaking, and protracted ideological indoctrination, be adept in giving systematic guidance, and inspire awareness so that the rank and file of officers and men will understand and carry out resolutely the party's line, programs, and policies, and the major policies of the Central Military Affairs Commissions, and will be versed in the functions, fine traditions, and the rules and regulations of our armed forces. We must inculcate a correct world view, outlook on life, and high organizational discipline concepts as a counterweight to the corrosion of decadent ideology and culture. We must maintain clear political ideas and staunch political convictions, possess pure and lofty moral sentiments, resolutely obey orders, pay attention to directives, and unswervingly maintain a high degree of unanimity ideologically, politically, and in action with the CPC Central Committee and the Central Military Affairs Committee. This requires that we increase officers' and soldiers' awareness of laws and regulations, and their conception of organizational discipline. We must strictly regularize every task of the armed forces as ordinances and regulations stipulate, bringing the words and deeds of officers and men into line. Our army's ordinances and regulations are the summarization of experiences and the capsulization of theories in building the armed forces over the past several decades. They have a distinctive political character, strict specifications, and extreme authoritativeness. They are the standard for the conduct of military men. They are the basis for strictness in military matters. Only by carrying out ordinances and regulations strictly and diligently can there be normal order, strict and impar-

tial discipline, and a high degree of centralization and unity in the armed forces, and only then can there be strong cohesiveness and combat capability. Making officers more aware of laws and regulations is a long and daunting task, the difficulty of which lies in doing it constantly and the value of which lies in having fostered it. It must start with daily life and be done little by little to influence the rank and file of officers and soldiers in subtle ways to improve military caliber, improve their ability to control themselves, and to use ordinances and regulations consciously to regulate their own speech and conduct. Leading cadres and leading organizations must rectify their ideology, discipline themselves strictly, do everything according to regulations, and establish a fine personal image. In addition, they must improve law enforcement and supervisory mechanisms, and rewards and punishments. They must promptly discover and correct actions that violate ordinances and regulations, put an end to everyone acting as he pleases and disregarding the rules for the genuine formation of a fine situation in which the armed forces operate according to law and strictness in military matters.

Strictness in military matters, search for truth, and practicality are bound to rectify the guiding thought for work and focus attention on task performance. The leader of the Central Military Affairs Commission has pointed out many times that the search for truth and practicality, and close attention to getting things done is the key in doing all work. Now, the Central Military Affairs Commission has spelled out very clearly the fundamental policy for building national defense and the armed forces under the new circumstances. It is the main task of leaders and organizations at all levels, which means that the decisions of the Military Affairs Commission must be closely linked to realities in building the armed forces, high quality attention given to the performance of all tasks. In carrying out this policy, leaders at all levels must have a sense of mission toward the party, the people, and the armed forces for long-term building, and a high sense of the responsibility they will bear in a future war. They must be filled with revolutionary zeal, and devote themselves wholeheartedly to building the armed forces. They must overcome negative feelings of contentment with the status quo, of not giving serious thought to anything, and of pressing ahead without thinking. They must establish higher standards, not fear hardships, struggle with all their might, maintain a spirit of diligence in work and of forging ahead to produce first rate achievements. Implementation of policies requires rectification of the guiding thought for work, strictly avoiding formalism. Formalism has an extremely damaging effect on building the armed forces. It must be resolutely overcome. Most important is transforming one's own world view, overcoming all ideas about fame

and gain, and thoroughly purging from one's innermost thoughts individualism, selfish ideas, and personal considerations. One must be indifferent to fame and gain, work calmly and steadily, make selfless contributions, and be a seeker after truth and practicality. All echelons must concentrate their energies on building the armed forces. Realism must be their guide, pragmatism must be their glory, and performance must be their responsibility. They must strictly control or reduce written reports and telephone calls, meetings and all sorts of social activities. They must not dabble half-heartedly, resort to deception, or do flashy things that lack substance, and that weary the people and waste money. They must refrain from empty talk and do more concrete work to improve the armed forces' combat capabilities. They must focus on getting things done, and they must have a pervasive and solid work style. Leaders and organizations must apply themselves to taking charge of matters and making real achievements, and concentrate closely on their work. They must summarize accumulated experiences in order to improve steadily their ability to take charge and produce results. They must investigate and study thoroughly, maintain the joint work team system, become involved in the work of units in the front line, and remove difficulties and worries for soldiers at the grass-roots level. Directing military units requires scientificness, emphasis on real results, establishing a personal responsibility system, and giving tailored guidance to shape a situation in which everyone works as one from top to bottom to get things done. Getting things done requires looking squarely at problems that exist in building the armed forces, daring to expose conflicts, and resolutely overcoming unhealthy tendencies like "cover ups" and "reporting good news but not bad news." One must have an attitude of seeking truth in facts, of objectively analyzing the causes of conflicts, and of actively seeking ways to resolve them.

***PRC: Nanjing Political Commissar on New Relationships for Army**

96CM0003D Beijing RENMIN LUNTAN [PEOPLE'S FORUM] in Chinese 8 Aug 95 No 8, pp 12-13

[Article by Fang Zuqi (2435 4371 1477), Political Commissar, Nanjing Military Command: "Further Consolidate and Develop a New Kind of Relationship Between the Army and the Government and Between the Army and the People"]

[FBIS Translated Text] Improving unity between the army and the government and between the army and the people is a fine tradition of our party and our army. Both the CPC Central Committee and the Central Military Affairs Committee pay close attention to improving unity between the army and the government and the

army and the people during the new era. Comrade Jiang Zemin has called upon the party, the government, the armed forces, and the people throughout the country to breathe in unison, share destiny, and be of one mind. They must care for unity between the armed forces and the government and between the armed forces and the people just as one cares for one's eyes.

Consolidation and development of a new kind of relationship between the armed forces and the government, and between the armed forces and the people requires full understanding from the strategic heights of the stability and development of the country and the armed forces of the real role and far reaching significance of greater unity between the armed forces and the government, and between the armed forces and the people during the new era. The steadfast unity between the armed forces and the government and between the armed forces and the people has always been a political strength of our party and our armed forces. It provides important political support for prolonged peace and stability. Comrade Deng Xiaoping has called for a revival to the best period in history of relations between the armed forces and the government and between the armed forces and the people under the new historical conditions. He personally penned the dedications "dual support model city," and "dual support model county." The understanding of the rank and file of officers and men in the armed forces about the extreme importance of unity between the armed forces and the government, and between the armed forces and the people is clear. Nevertheless, it must be realized that during the long period of peace, awareness of dependence on the people for survival, and mutual dependence like that of fish and water have weakened among some officers and men. The feeling that the people are like parents has worn thin. The war time feeling of dependence on the broad masses of people for everything is no longer that direct. This is particularly true in the wake of the development of a market economy in which some new situations and new problems that cannot be ignored have occurred in relations between the armed forces and the people. Therefore, officers and men must be indoctrinated and guided in a profound realization that improving unity between the armed forces and the government, and between the armed forces and the people, is an objective necessity for the stability and development of the country and the armed forces. Socialist modernization and reform require a stable internal and external environment. Internationally, the old world pattern has been demolished, and a new pattern has not yet taken shape. The international situation is fraught with new turbulence. Antagonistic western forces have never given up their schemes for "westernizing" and "splintering" us. They seek to destroy the socialist system. The

domestic situation suggests the continued existence of certain elements for instability during the profound socialist transformation process as reform, opening to the outside world, and development of a socialist market economy. This complex situation shows that the task of safeguarding national stability and consolidating socialism is an extremely daunting one. Only by doing what Military Affairs Commission deputy chairman Liu Huqing [0491 5478 3237] asks, namely, for "the rank and file of military officers and men to make a concerted effort in the main arena of economic construction, to cooperate closely in the magnificent practice of reform and opening to the outside world, to stand together through thick and then during battles to triumph over all serious natural disasters, and to be of one heart and one mind in maintaining national stability and the unity of all nationalities" can we cope with all surprise incidents, eliminate all difficulties and dangerous and difficult situations, and always be in an invincible position. We must also realize that to increase unity between the armed forces and the government, and between the armed forces and the people is important to the armed forces greater building of itself. "The people provide the backing for the army's victories in battle." The military training of the armed forces and the wherewithal needed for their existence, employment of the families of cadres, and the schooling and day care of their children, and the placement in civilian life of military personnel who leave the armed forces all require the support and assistance of local governments and the people. Likewise, the building of ideology and politics in the armed forces needs the support of society. It is inseparable from the rich and varied activities of social practice. All this shows that the masses have been, are, and will always be the source of strength for the growth and expansion of our armed forces.

Consolidation and development of a new kind of relationship between the armed forces and the government, and between the armed forces and the people requires stronger and better joint military and civilian efforts.

Joint military and civilian activities are an effective way in which to cement relations between the armed forces and the government, and between the armed forces and the people. This activity, which began more than a decade ago, shows strong vitality. With the gradual establishment of a socialist market economy system, along with the deepening development of joint military and civilian building efforts has been the appearance of some new situations and problems requiring a high degree of serious attention, and conscientious study for solution.

The guiding thought for joint military and civilian efforts must be further rectified. People must fully realize the important significance of pervasive development of joint military and civilian activities under the new circumstances. It is necessary to overcome tendencies toward valuing gain to the neglect of justice, and despising the poor while currying favor with the rich. We must continue to take as a guide Comrade Deng Xiaoping's theory on the building of a distinctively Chinese brand of socialism, and his ideas for building the armed forces during the new era. We must diligently implement the basic party line of "one center and two basic points," and focus on improving the ideology and morality, and the scientific and cultural attainments of the rank and file of officers and men to produce a new socialist man imbued with ideals, morality, culture, and discipline for the building of a new style relationship of unity, friendship, and mutual assistance between the armed forces and the government, and between the armed forces and the people.

We must correctly select the matters on which a joint military and civilian effort is to be made. We must work with what is available locally, mostly working in villages and towns, on streets, in schools, in railroad and bus stations, on wharves, and in state-owned and collective enterprises and government agencies primarily. Determination of the points on which there is to be joint cooperation must be centrally coordinated and planned by political bodies at the brigade level or above in conjunction with local government departments concerned. Matters must not be allowed to take their own course, all parties going their own way. Since military units are responsible for special tasks, generally speaking, no direct link-ups will be made with private businesses and individually owned concerns, and with places of amusement such as karaoke halls and dance halls, hair salons, and wine houses.

Better ideological and political work must be made a prime ingredient of joint military and civilian efforts. Joint military and civilian activities will consist primarily of the organization of the joint military and civilian study and publicizing of the theories of Comrade Deng Xiaoping on building a distinctively Chinese brand of socialism, and the party's line, plans, and policies to improve consciousness about carrying out to the full the party's basic line; thorough study of the party's and the army's fine traditions, revolutionary outlook on life, socialist ideology and morality, patriotic education, and national defense education to counter the influence of money worship, hedonism, extreme individualism, and "debauchery;" diligent implementation of the spirit of the Fourth Plenary Session of the Fourteenth CPC Committee, and joint efforts to improve the grass-roots

party organization; a campaign for the study of Lei Feng and Shu Xinfeng to publicize new socialist mores; disseminating of scientific and cultural information, a campaign of healthy and beneficial get-togethers to enrich the after-hours cultural life of the armed forces and civilians; military unit dispatch of instructors to help schools do a good job of indoctrinating youth, of planned parenthood education and publicity, and education to popularize law. In addition, insofar as they are able, they can help local governments do various things, support the poor and help the needy, and dispel worries and banish difficulties for the masses, particularly for the families of military martyrs, and households enjoying the five guarantees [childless and infirm old persons who are guaranteed food, clothing, medical care, housing, and burial expenses], and they can set up joint military and civilian vigilance to protect the security of military installations.

Consolidation and development of a new kind of relationship between the armed forces and the government, and between the armed forces and the people means meeting new demands in the development of a socialist market economy to prevent and deal with economic conflicts and disputes that arise between the armed forces and civilians.

As reform intensifies steadily, and with the adjustment of various interest relationships, some conflict between the armed forces and civilians is virtually unavoidable. Even though these are conflicts based on identical basic interests, unless they are promptly and satisfactorily solved, they may have an adverse effect on the fish and water affinity of the armed forces and the people, and adversely affect social tranquility. Therefore, we must treat problems in relations between the armed forces and the people as important tasks affecting unity between the armed forces and the people under the new circumstances, and strive to reduce to the minimum conflicts and disputes between the armed forces and the people.

Development of the market economy has intensified people's awareness of their material interests; consequently, economic contacts and disputes between the armed forces and local jurisdictions and between the armed forces and the people have increased. We must indoctrinate officers and men to bear firmly in mind the armed forces' mission, and to stress the overall interest and ways of doing things. At the same time, we must also pay close attention to the use of correct methods to safeguard national security interests. Military Affairs Commission deputy chairman Zhang Zhen [1728 7201] said, "Military units must both vigorously support civilian reform and opening to the outside world by creating necessary conditions for it, and they must also pay attention to national security. They cannot hurt or

weaken combat preparedness." As an important integral part of national political power representing the country's fundamental interests and the people's long-range interests, the armed forces must act on the basis of the party's and the country's overall interests. In matters affecting both military and civilian interests, the armed forces must stress overall interests and the military way of doing things, giving first place to the interests of the country. In addition, in social contacts, the armed forces must differentiate the economic interests of social entities and the community. During the course of economic contacts and cooperation between the armed forces and civilians, the armed forces must make sure to act on the basis of realities and needs for building national defense. They must use correct techniques and methods to safeguard the security and secrecy of military facilities, and the legal rights of real estate, production, and business. Whenever a conflict arises between the military and civil authorities, or between the military and civilians over certain specific interests, they must be handled on a case-by-case basis and be dealt with promptly and satisfactorily. Economic means may be used to solve conflicts that stem from economic contacts. Matters involving the law may be resolved according to applicable laws and regulations.

Development of the market economy has produced a flow and a shift of surplus manpower to economically developed areas. Thus, the number of conflicts of various kinds resulting from relatives and friends working in places where officers and soldiers are stationed has brought new problems for military unit administration and relations between the armed forces and civilians. In some places where military units are stationed, some "laborers" and "girls from outside" frequently seek help from officers and soldiers whenever they have a scuffle, get cheated, have their wages docked, or are fired by their boss. Some officers and men take it upon themselves to handle such situations out of personal feeling for those involved, thereby violating discipline and converting disputes between working relatives and friends with their bosses or the people in places in which they are stationed into disputes between the armed forces and civilians. Officers and men cannot be forced to show no concern, but neither can they be allowed to interject themselves into these situations. Indoctrination and control of officers and men must be improved; they may not be permitted to find jobs for relatives and friends in places where they are stationed. When relatives and friends who have found jobs themselves in places where officers and men are stationed encounter difficulties and conflicts, the officers and men concerned must rely on the organization to resolve them. They may not handle them privately. Otherwise, individual intervention will cause a dispute between the armed forces and civilians.

that will adversely affect the tranquility of the garrison area and unity between the armed forces and civilians.

***PRC: Chengdu Political Commissar on Democratic Centralism**

96CM0003E Beijing RENMIN LUNTAN [PEOPLE'S FORUM] in Chinese 8 Aug 95 No 8, pp 14-15

[Article by Zhang Zhiqian [1728 1807 1017], Political Commissar, Chengdu Command: "Diligently Implement Democratic Centralism"]

[FBIS Translated Text] Recently I looked into how well some units in the Chengdu Military Command are carrying out democratic centralism. My general feeling is that since the "Decisions of the Fourth Plenary Session of the Fourteenth CPC Central Committee," improvements have been made in the building of democratic centralism in an overwhelming majority of CPC committees. The nuclear leadership role is being put into effect fairly well. However, the understanding of democratic centralism by some CPC committees is skewed, and they make errors in its application. I feel that attention must be given six issues in future application of democratic centralism.

Greater study of democratic centralism for full understanding and mastery of democratic centralism.

Our party's democratic centralism includes a body of basic principles, rules, and regulations, and it also includes a series of rich theoretical points of view. It is a complete scientific system that must be studied systematically, fully understood, and correctly mastered, in order to ensure its correct application. My personal understanding is that emphasis today should be on studying and understanding basic theoretical viewpoints in ten regards as follows:

1. Significance of Democratic Centralism. The democratic centralism system is the party's fundamental organizational system and leadership system. How well democratic centralism is adhered to has an effect on the party's and the country's destiny.

2. Essence and Goals of Democratic Centralism. Democratic centralism is a combination of democratically based centralism and centrally directed democracy. Democracy is the basis for centralism, and centralism is the result and of, and the support for democracy. Practice of democratic centralism requires striving to create a happy, lively, and vigorous political situation that is both centralized and democratic, both disciplined and free, and that has both unified will and individual feeling to give full expression to the initiative of the whole party, and to vigorous implementation of the line, plans and policies of the party.

3. Safeguarding Central Authority. A strong central leadership collective must take shape in the course of practice, and this leadership collective must have a nucleus. The party leadership collective and its nucleus must be protected in order to protect central authority and to ensure the unobstructed implementation of political and military orders. The armed forces obey the party and the central authorities at all times.

4. Development of Democracy Within the Party. The democratic part of democratic centralism is the full expression of the will and the stand of party members and the party organization, and making the most of their enthusiasm and creativity. Democracy within the party must have implementation of the party's program as its goal. It must take channeling, protecting, and giving free rein to enthusiasm as its starting point, and it must develop by closely linking the functions of the party organization with the rights and duties of party members. Decisions must be democratic and scientific, and the democratic rights of the party organization and party members at all levels must be diligently ensured.

5. Centralism Founded on Democracy. The centralism in democratic centralism is the coacervation of the will and wisdom of the entire party and unanimity in action. Centralism is an inexorable requirement for democracy. The "four obediences" must be achieved, the most important of which is the entire party's obedience to the Central Committee. Centralism requires the centralization of correct views to make them the consensus of the majority for the formation of correct policies, and their resolute implementation.

6. Collective Leadership. Collective leadership is one of the highest principles of party leadership. The party committee system is an important system for ensuring collective leadership. All major issues must be decided through the collective discussion of party committees. Individuals may not decide major issues. Collectively decided major issues must be fully deliberated, talked over, and debated. The principle of the minority obeying the majority must be followed. No one has the authority to change collective decisions; they must unconditionally obey them. Party committee members must take an active part in collective leadership.

7. Responsibility for Division of Labor. Neither collective leadership nor individual division of labor may be emphasized at the expense of the other. Party committee members must exercise their functions diligently, and take the initiative on the basis of collective decisions and division of labor. Strict responsibility systems must be established.

8. System Building. System matters are fundamental, all encompassing, consistent, and enduring. Further

building and perfection of a series of systems within democratic centralism results in no change because of a change in leadership, and no change because of a change in the leaders' views and attentions. System building and ideological indoctrination are complementary. They must be closely linked. The solemnity of the system must be protected. Leading cadres must take the lead in putting the system into effect.

9. The Principled Character and the Militant Character of Party Life. Adhere to party spirit principles; do not trade away principles. Conduct criticism and self-criticism correctly; carry out ideological struggle on issues of principle; resolutely oppose both good relations at the expense of principle and liberalism. Correctly handle contradictions within the party; maintain a policy of "unity -criticism - unity to protect team unity.

10. Supervision Within the Party. The essence of supervision within the party begins with the interests of the people, limiting oneself, and perfecting oneself as strictness in all party matters requires. Both the party and party members must accept supervision. Party discipline must be improved, the equality of everyone before party discipline maintained. Perfect the supervision system within the party to ensure the organic health of the party, and the smooth completion of all tasks.

The above ten components are interrelated. One must correctly understand their inherent connection, and one must grasp them and apply them as a totality.

Strictly enforce political discipline; resolutely safeguard the authority of the CPC Central Committee and the Central Military Commission of which Comrade Jiang Zemin is the nucleus.

Safeguarding the authority of the CPC Central Committee and the Central Military Affairs Commission, of which Comrade Jiang Zemin is the nucleus, is in the highest interest of the entire party and the people of the whole country. It is the basic requirement for maintenance of the party's absolute leadership of the armed forces. In today's complex and changing world, antagonistic western forces are using all available means to promote a strategy of "westernization" and "splintering" of China. Domestic reform is intensifying steadily, and the readjustment of interest relationships has produced numerous new contradictions and complexities. Given these circumstances, party committees and leading cadres at every level must keep a clear head, increase political sensitivity, and make protection of the CPC Central Committee and the Central Military Affairs Commission, of which Comrade Jiang Zemin is the nucleus, the supreme principle for carrying out democratic centralism, and the supreme standard for examining

party spirit. Today, we must particularly stress opposition to the "four isms." First is resolute opposition to decentralization, automatically behind the directives of the CPC Central Committee and the Central Military Commission, of which Comrade Jiang Zemin is the nucleus, at all times, and under all circumstances, and ensure the centralized, unified leadership of CPC committees at all levels over military units. Resolute struggle must be conducted against anything that harms the authority of the central authorities. Second is resolute opposition to political liberalism. Words and deed that damage the authority of the central authorities may not be permitted; nitpicking of CPC Central Committee and Central Military Commission decisions may not be permitted; and lending a ready ear to, and passing on hearsay information may not be permitted. Third is resolute opposition to pragmatism in carrying out the instructions and regulations of higher authority. The party's basic theories, lines, plans, and policies, as well as the military committee directives and guidance, and party committee policies must continue to be used, and the unimpeded and correct implementation of political decrees and military orders must be ensured. Every order must be executed without fail, in full, without hedging, and not treated as a mere formality. Fourth is resolute opposition to selfish departmentalism on interest issues. The common good concept must be firmly inculcated, the readjustment of interest relationships correctly handled, gains or losses to one's own unit or to oneself looked at and dealt with from the standpoint of the party and the people to pass the interests test.

Straighten out the position of CPC committee members; adhere to the collective leadership principle

First, secretaries must correctly perform the role of presiding official, exercising democracy to the full. They must guard against their administrative leader status affecting party matters. Within the party, secretaries, deputy secretaries, and committee members are all equal. Majority rule rather than rank prevails. When party committees discuss problems, committee members must be permitted to express their views to the full. Only after full deliberation a correct view to be arrived at and become the consensus of everyone. When controversy occurs on an important issue, particularly when the views of the secretary and the deputy secretary differ, the matter must be discussed fully, or put aside pending further investigation and study, a meeting of minds serving as a basis for later discussion and decision. When circumstance do not permit postponement of a decision, the issue must be decided by vote following the principle of the minority yielding to the majority. Alternatively, the situation may be reported to higher authority, and the views and instructions of higher

authority accepted. Second, committee members must correctly exercise their equal vote rights to take active part in collective leadership. Taking part in party committee work in one's capacity as a leader, not expressing views actively, or considering issues only from the angle of the work for which one is responsible or from the angle of a department or unit is to be guarded against. One must look at issues from the standpoint of the party committee, make sure to understand the total situation, examine issues in terms of the common good, and forthrightly express one's own position and views. Third, party committee members must correctly handle the relationship between themselves and the collective. They must consciously protect the authority of the collective leadership. All party committee members must obey the leaders of the party committee, protect the prestige of the leadership collective, be adept at bringing to bear their own knowledge and functions through the collective, and positively not claim individual prestige or strive for individual authority.

Make democratic centralism pervade the whole process of party committee leadership work; ensure correct party committee decisions and the implementation of decisions.

Democratic centralism is the application to party life of Marxist epistemology and the mass line. It is a scientific system that ensures the correctness of party committee decisions and their effective implementation. The application of democratic centralism to party committee leadership work is a complete and dynamic process, and it is also a process that centralizes correct views to form correct decisions by practicing democracy, and a process that resolutely carries them out. Correct implementation of democratic centralism requires a firm grasp of three links: Thorough investigation and study before making decisions, a broad understanding of the desires of the masses, and summarization of the experiences of the masses to concentrate the wisdom of the masses as a basis for the party committee's decisions. In making decisions, there must be full deliberation and correct centralization. After making decisions, a division of labor must be made and responsibility assigned to ensure implementation.

Improve the principled character and the combat character of life in the party to improve quality in the conduct of democratic centralization.

Without a principled character and a militant character, democratic centralism cannot really work. Strict tempering in party life is necessary so that party committee members will consciously use the party spirit principle to regulate their own words and deeds, to maintain

their political steadfastness and the purity of their ideology and morality, and to enhance their concept of right and wrong. We must be particularly on guard against the penetration into party political life of the commodity exchange principle, overcome the influence of vulgar networking to obtain favored treatment, persevere in making the party's interest supreme, not trade away principles, and dare to do battle against all erroneous phenomena. We must conduct criticism and self-criticism properly, overcome good-guyism, i.e., seeking good relations with all at the expense of principle, and genuinely solve the problem of "difficulty in making criticisms." Secretaries and deputy secretaries must take the lead in criticism and self-criticism, and they should be willing to accept the criticism of committee members and people at a lower level. Supervision within the party must be improved, party members — particularly leading cadres — receiving strict indoctrination and control. Emphasis must be placed on supervising party organizations at all levels and leading party cadres in carrying out the party's line, plans, and policies, and instructions from higher authority. They must abide by all the rules of democratic centralism, exercise the authority vested in them, and remain clean and self-disciplined. They must diligently apply party supervision rules and regulations, and improve party committee member effectiveness in living a dual organizational life, in democratic life meetings, and in reporting work. The role of discipline inspection organizations at all levels must be used to the full, and supervision from top to bottom, and from bottom to top must be used in combination. The regular appraisals of lower level groups that some units conduct are an effective supervisory tool. Efforts must be made to improve their quality. Discipline must be strictly enforced, and conduct in violation of discipline — including serious contravention of democratic centralism — must be investigated and dealt with rigorously.

Party committee secretaries must do more to improve themselves, increasing their ability to apply and enforce democratic centralism.

The key to whether a group is able to institute democratic centralism effectively rests with the secretary and deputy secretary. Party committee secretaries and deputy secretaries today must do a good job of playing four roles: One is to improve their political understanding so as to be able to perform well in providing political guidance. Second is to improve their moral quality so as to be better able to play a unifying and cohesive role. Third is improvement of their leadership skills so as to be able to do a good job of organizational coordination. Fourth is improving their work style so as to make a good showing as role models. They must serve as

models of rectitude, take the lead in transforming world outlook, resist the influence of money worship, hedonism, and decadent life styles, remain clean and self-disciplined, work selflessly for the public interest, and exercise authority with prudence. They must serve as models of diligent administration and respect for work, and in the pursuit of truth and practicality. They must take the lead in rectifying the guiding thought for work, and they must resolutely overcome unhealthy tendencies toward deception and superficiality in work, take a firm grip on grass-roots matters, and lay a foundation.

***PRC: PAP Commander on Social Stability, National Tranquility**

96CM0003F Beijing RENMIN LUNTAN [PEOPLE'S FORUM] in Chinese 8 Aug 95 No 8, pp 16-17

[Article by Ba Zhongyan [1572 1813 0086 + 3508], Commander Chinese People's Armed Police: "Do More All-Around Building To Ensure Social Stability and National Tranquility"]

[FBIS Translated Text] Since the founding of the Chinese People's Armed Police, thanks to the leadership of the CPC Central Committee, the State Council, and the Central Military Affairs Commission, and to the leadership and support of local party committees, governments, and public security units at all levels, marked achievements have been made in building the police contingent. A large amount of work has been done, and the police have played a major role in protecting public order, maintaining social stability, and taking part in socialist modernization, thereby earning the confidence of the party and the people. As the international and domestic situations change, the duties of the People's Armed Police have become increasingly strenuous; therefore, we must continue to take Marxism-Leninism and Mao Zedong Thought as a guide, diligently put into practice Comrade Deng Xiaoping's theory on building a distinctively Chinese brand of socialism and his ideas for building the armed forces during the new era, and strive to raise the building of the police corps to a new level.

We must untiringly maintain the party's absolute leadership of the people's armed police, and resolutely obey the commands of the CPC Central Committee, the State Council, and the Central Military Affairs Committee. This is fundamental to greater building of the People's Armed Police, and it is also the primary requirement for the discharge of its function of safeguarding social stability. Ever since its reorganization, the People's Armed Police has consistently been extremely unequivocal ideologically and particularly steadfast in action. Right now the overall international and domestic situations are good. Nevertheless,

the world is by no means peaceful. Domestically, as economic system reform enters the assault phase, all sorts of social contradictions become increasingly numerous, and certain elements for instability exist. This means that we must stand with the party and the country on the overall situation, and fully realize the special status and role of the People's Armed Police in safeguarding national security and social stability. We must carry out the spirit of applicable decisions of the CPC Central Committee, the State Council, and the Central Military Affairs Commission, adhere to a system that combines unified leadership and control with echelon-by-echelon command, unswervingly obey the orders of the CPC Central Committee and the Central Military Affairs Commission in which Comrade Jiang Zemin is the nucleus, ensure full implementation of plans and policies, and the regulations and directives of the CPC Central Committee, the State Council, and the Central Military Commission, and maintain a high degree of ideological and political unity with the CPC Central Committee. We must further uphold a series of basic systems of the party leadership corps. We must act in the spirit of the Fourth Plenary Session of the Fourteenth Central Committee, and the decisions of the Central Military Affairs Committee for doing more to build the party in the armed forces, pay close attention to perfecting and applying democratic centralism, and the senior officer division of labor responsibility system, and the system for "building party branches in companies" under the unified collective leadership of CPC committees. We must make full use of the nuclear leadership role of CPC committees, the role of party branches as battle stations, and the role of party members as vanguards and role models. We must strive to build the People's Armed Police into an armed force in which the party and the people have confidence.

Do more to build the People's Armed Police in accordance with the PLA founding ideology, principles, ordinances and regulations as they apply to the People's Armed Police. This is the basic guiding thought for greater building of the People's Armed Police. General Secretary Jiang, Premier Li Peng, and Central Military Affairs Commission deputy chairmen Hua Qing and Zhang Zhen have stated extremely clearly that the People's Armed Police must put into effect Comrade Deng Xiaoping's thoughts on building the armed forces during the new era. It must do all possible for the further building of the People's Armed Police in accordance with the founding ideology, goals, and principles of the PLA, and in accordance with the ordinances, articles, and the rules and regulations of the PLA as they apply to the special circumstances of the People's Armed Police. This further points the way for building the People's Armed Police. We must build the People's Armed

Police in accordance with the ideology and principles used to build the PLA, and we must make sure to proceed on the basis that the People's Armed Police has many locations, has long lines, covers a wide area, is highly decentralized, and has strenuous duties to perform. We must continue and carry forward the fine traditions of our party and our armed forces, and we must act in accordance with General Secretary Jiang's overall requirement for "political competence, military superbness, a fine work style, strict discipline, and powerful support, diligently plan, make complete arrangements, carry forward a spirit of active exploration and daring to innovate, doing each task one step at a time, and strive to create a new situation in the building of the corps. Right now, we must devote special attention to implementation of a series of directives from the CPC Central Committee, the State Council, and the Central Military Affairs Commission on greater building of the People's Armed Police. We must do more to build leadership teams and cadre corps at all levels, fight corruption and encourage honesty, and we must improve the caliber of all officers and men. We must use "Military Unit Grass-roots Building Essentials" as the basis for doing a solid job at the grass-roots level, for laying a foundation, and for fully improving the building of the grassroots. We must improve unit management, managing units strictly according to ordinances, articles, and rules and regulations. We must do more to build work discipline, to cement relations between officers and men, and to improve unit combat capabilities.

Vigorously improve the building of ideology and politics to ensure unit political steadfastness, and ideological and moral purity. This is a fundamental principle for better building of the People's Armed Police. The People's Armed Police are mostly stationed in large and medium size cities where they have substantial contact with the seamy side of society in the discharge of their duties, and where they have fairly substantial exposure to channels and opportunities for debauchery and corrosion. This means that we must diligently implement the important instructions of Chairman Jiang to give first place to the building of ideology and politics in the building of the armed forces insuring the political steadfastness and the ideological and moral purity of the rank and file of officers and men, consciously oppose the negative effects of the corrosion and debauchery of degenerate ideology and culture, thereby truly achieving a rejection of corrosion and never being tainted. This requires that we adhere to Comrade Deng Xiaoping's theory for building a distinctive Chinese branch of socialism to arm the minds of officers and men. In particular, leading cadres at all levels must take the lead in studying this theory. While transforming the objective world, they must also

strive to transform the subjective world. They must not be swayed by power, money, female enticement, and personal feelings. They must diligently study and apply the recent written remarks of Chairman Jiang to an investigation report of deputy chairman Liu Huaqing, and deputy director Yu Yongbo [0060 3057 3134], and the spirit of Central Military Affairs Commission Document No. 3 (1995). More effort must be put into indoctrination in patriotism, in a revolutionary outlook on life, in respect for cadres and love for soldiers, and arduous struggle to guide officers and men in establishing a correct outlook on life, and values. The doctrinal character and the militant character of ideological and political work must be increased. What to encourage and what to oppose must be made crystal clear. Right now, various slogans such as "the Party's and the people's interests above all," "wholehearted devotion to the public interest," "contribute selflessly," "struggle arduously", and "dare to go all out" must be reaffirmed and shouted in the People's Armed Police. A major effort must be made to improve regular ideological work, a widespread campaign conducted to study model personages such as Kong Fansen, to publicize advanced models, to encourage healthy trends, and to improve the ideological and moral standards of the rank and file of officers and men.

Education and training must be given a strategic position, efforts made to improve capabilities to perform under modern conditions and to deal with surprise incidents. This is an objective necessity in improving the building of the People's Armed Police, and it is also a real need for carrying out functions. During the past two years, acting in response to the requirement of the CPC Committee in General Headquarters about "being sure about ability to deal with medium and small scale surprise incidents, preparedness to deal with large scale surprise incidents, and having a basis for carrying out defensive combat missions," the People's Armed Police has continued to give a strategic place to education and training. It has devoted a major effort to military training and carrying out combat preparedness duties, making a certain amount of progress. With changes in the domestic and foreign situations, the People's Armed Police's burden in safeguarding national security and social stability have become heavier, and its responsibilities greater. This means that we must diligently carry out the important instructions of Chairman Jiang: We "must give strategic place to education and training, link it to actual circumstances in the People's Armed Police, train rigorously, make strict demands, and exert strict control." We must regularly indoctrinate officers and men in vigilance during peacetime to increase officers' and soldiers' awareness of hardship. We must make guard duty training as realistic as possi-

ble, the training of mobile troops close to real warfare, training in academies similar to that of troop units, and senior officer organization training approximate that of guard duty under modern conditions, and the principles for dealing with surprise incidents. We must improve both applied training and special training for special duties. We must diligently organize study of policies, laws and regulations, and information about the public security profession to improve units performance under new circumstances, and their ability to deal with situations. We must further rectify the guiding thought for combat preparedness work, placing the work emphasis on being able to handle properly large scale surprise incidents. We must emphasize intelligence work, do more research on battlefield engineering and tactics, and strive to hold the initiative in dealing with surprise incidents. We must set up and perfect all combat preparedness work systems, and regularize combat preparedness work procedures. We must further improve our logistical emergency support system, strive to improve logistical support capabilities under modern conditions, and make all around improvements in troop unit combat capabilities.

Respect the leaders of civilian CPC committees and governments to cement further relations between the People's Armed Police and government and between the People's Armed Police and the citizenry. The building and development of the People's Armed Police requires throughout the concern and support of the leaders of civilian CPC committees and governments at all levels. More than a decade of facts attest that each step forward in building the People's Armed

Police has been made thanks to the painstaking efforts and the sweat of CPC committees, governments, and public security departments at all levels. In today's new circumstances, we must resolutely carry out the State Council and Central Military Affairs Commission principle about "CPC committees at all echelons in the People's Armed Police accepting the dual leadership of the top level CPC committee and the civilian CPC committee at the same level, conscientiously dealing with relations in all regards. In the course of peacetime work, we must both fully accept the leadership of the Central Military Affairs Commission and the three general headquarters, and we must also fulfill, as in the past, all tasks that civilian CPC committees and government assign, to win, as in the past, the concern and support of civilian CPC committees and governments in the building of the People's Armed Police. We must particularly handle well relations with public security units at all levels. In carrying out public security tasks and related vocational construction tasks, we must resolutely accept the leadership and direction of public security agencies. We must conduct pervasive campaigns to support the government and love the people, and joint police and civilian efforts. We must actively support civilian reform and opening to the outside, do more good deeds for the masses, further consolidate unity between the police and the government, and between the police and the people, establish a fine image of loyalty and protection, and completely fulfill every task that the party and country confers.

General

PRC: Zhu Rongji Reportedly Opposed to Chang Jiang Diversion

HK2903014196 Hong Kong PING KUO JIH PAO in Chinese 8 Mar 96 p A12

[Report by staff reporter from Beijing: "NPC Discusses 'Diversion of Water from South to North'; Zhu Rongji and Others Oppose Starting Construction Without Careful Consideration"]

[PTS Translated Text for FBIS] The Ninth Five-Year Plan and Long-Term Targets for the Year 2010 currently under review by the National People's Congress [NPC] propose starting a number of large-scale projects in the first 10 years of the next century. These will include preparations for commencement of the project to "divert water from south to north," feasibility studies on which have been underway for more than 40 years. The project has become quite controversial due to its enormous scale and far-reaching impact, as well as conflicts of interests among the eastern, central, and western regions. Vice Premier of the State Council Zhu Rongji is among those who are in favor of deferring the project.

The "diversion of water from south to north" is a major project that spans two centuries. The main aim in diverting water from the Chang Jiang Basin to the Huang He Basin is to relieve the increasingly serious water shortage in Beijing, Tianjin, and the northwest and north China areas. The idea was put forward by Mao Zedong in the early 1950's, and surveys and feasibility studies have been carried out in the past 40 years. However, the proposal has never materialized for various reasons.

Mao Zedong's Former Secretary Was Opposed to the Idea

Following the development of the economy, the lack of water resources in the northwest and north China areas has had a growing effect on economic progress. Thus, the diversion of water from south to north has once again been put on the agenda. Experts have been conducting new feasibility studies on the project. Three possible routes — the eastern, central, and western routes — have been put forward, and comparisons and analyses are being carried out to choose a suitable one.

Li Rui [2621 6904], Mao Zedong's former secretary who strongly opposed the launching of the Three Gorges project, told this reporter in an interview that given that the scale of investment in the project to divert water from south to north and its impact on residents and the environment would be comparable to the Three Gorges project, prudence must be exercised and careful study must be carried out before starting the project.

Fear That It Would Become a Heavy Burden

He said: I am totally against the ancient Chinese saying that "Man will conquer nature," a saying repeated by Mao Zedong. He also pointed out: The former Soviet Union also had an ambitious plan to divert water from north to south, but the plan had to be abandoned after several decades. These lessons must be borne in mind. Some experts are of the view that China has been hoping to reduce investment in fixed assets in recent years so as not to fuel inflation. Given that the gigantic Three Gorges project and the large-scale water conservancy at Xiaolangdi on the Huang He are still in the phase of investment and construction, the launching of the project to divert water from south to north will greatly increase investment in fixed assets and pose a heavy burden on state coffers. In his opinion, further deliberations are needed and things should be done in order of priority.

Sources disclosed that Vice Premier Zhu Rongji was also opposed to the launching of the water diversion project.

Since three routes have been proposed for the project, areas along the three proposed routes have been striving to bring the project to their area to stimulate the local economy and create jobs. Each has been trying to sell its good points and has been actively making preparations. There are also disputes between provinces over who should have a "head start" in the development of state highways, optical cable projects, and large-scale oilfields.

PRC: Official on Plans To Boost Power Generating Capacity

OW2803115796 Beijing XINHUA in English 1135 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — China plans to increase its power generating capacity up to 300 million kilowatts by the end of this century, and enable at least 95 percent of rural households to use electricity.

Zhao Xizheng, vice-minister of Power Industry, said here today that China's power output had reached 1,000 billion kwh in the Eighth Five-Year Plan period (1991-95).

The vice-minister attributed the good result to deepening the reforms, using more foreign capital, and employing scientific management.

He noted that the power industry had spent 276 billion yuan on constructing capital projects over the past five years; and put into operation generating units with a combined capacity of 75 million kilowatts.

By the end of last year the country had a power generating capacity totalling 214 million kilowatts.

Zhao noted that the Qinshan and Daya Bay nuclear power plants in east and south China, respectively, had gone into commercial operation in the 1991-1995 period, and construction of the Three Gorges Project is in full swing.

At present, the nationwide power grid covers all cities and most of rural areas.

By the end of 1994 the power industry had built 64 larger projects, using a total contractual overseas investment of 14.5 billion US dollars.

Zhao acknowledged that power shortage is still a key obstacle that hinders China's economic development. At present, China still has 80 million people who have no access to power.

PRC: Fuyang Railway Hub Completed 2 Years Early

*OW2803163796 Beijing XINHUA in English
1549 GMT 28 Mar 96*

[FBIS Transcribed Text] Hefei, March 28 (XINHUA) — A major railway hub, built in express time, has been given the all-clear signal by official assessors.

Work started on the Fuyang railway hub, the largest and most complicated on the Beijing-Kowloon railway, in June 1993.

Officials predicted that because of the extensive work involved, the project would take five years to complete.

But a few days ago the work was finally completed - more than two years early — and to add to the success story it has passed a technical assessment by railway experts.

In addition to the Beijing-Kowloon railway, another four railway lines also intersect the hub, which is located in the northwestern part of Anhui Province, east China.

The hub consists of 165 bridges and culverts, and 147 km of railway lines.

Once fully operational, the hub is expected to handle more than 10,000 freight trains a year, carrying 130 million tons of goods. More than 60 passenger trains will go past the hub every day.

Railway workers are busy constructing telecommunications and power facilities, to ensure that the hub can be put into use by September this year.

Finance & Banking

PRC: Beijing Puts 'Final Touches' on Foreign Exchange Rules

*OW2803141096 Beijing XINHUA in English
1321 GMT 28 Mar 96*

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — China has put the final touches on regulations and documents on foreign exchange that appeared between January 1, 1980 and March 20, 1996.

The clarification was finished before China's first formal and unified foreign exchange control regulation takes effect on April 1.

Sixty-six regulations and documents, including those on use of foreign exchange by citizens sent abroad for work, those on accounting software, and those for non-bank financial institutions, will remain in effect.

Thirty-six others, including those on interest rates on foreign exchange loans, those on monitoring foreign exchange debts, and on investing abroad, will be revised.

There are 72 that will no longer be in effect, including those on using foreign exchange certificates and converting foreign exchange, and those on quotas on foreign exchange use.

PRC: New Foreign Currency Rules Take Effect 1 Apr

OW2803132796 Beijing ZHONGGUO XINWEN SHE in English 0353 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — The implementation of the Foreign Currency Control Ordinance of the People's Republic of China on April 1 will simultaneously put an end to the validity of the Provisional Foreign Currency Control Ordinance, published in 1980, and regulations made thereunder. To guarantee a uniform policy, the People's Bank of China and the State Administration of Exchange Control have put the regulations concerned with foreign currency control published between January 1, 1980 and March 20, 1996 under review. As a result, 72 regulations will be no longer valid.

These 72 include a regulation applicable to foreign institutions in China and their employees; a regulation applicable to Sino-foreign joint ventures as well as enterprises funded by overseas Chinese and foreigners; the mortgage of Renminbi loans to foreign-funded enterprises; provisional regulations on foreign banks and Sino-foreign jointly funded banks in special economic zones; and regulations applicable to foreign exchange allocation for private visits to Taiwan by those who have relatives there.

Another 36 regulations await further amendment, up until which time they will remain valid but subject to the Foreign Currency Control Ordinance of the PRC. They include a regulation on the opening of accounts overseas by foreignfunded enterprises and a regulation on foreign exchange control of foreign-funded enterprises.

Some 66 existing regulations will remain effective, including that regarding the extent of foreign exchange business undertaken by Chinese banks; a provisional regulation on Renminbi accounts opened by foreign banks and administration of foreign exchange in bonded zones.

PRC: Shaanxi Circular on Illegal Futures Transactions

**SK2803105996 Xian SHAANXI RIBAO in Chinese
23 Feb 96 p 1**

[FBIS Translated Text] In order to stabilize financial and social order and to promote the sound and orderly development of the futures market, a few dags ago the Provincial Securities Supervision and Management Committee and the Provincial Industrial and Commercial Administrative Management Bureau jointly issued an "Emergency Circular on Immediately Stopping Illegal Futures Transactions Outside the Border."

The circular states: All futures transactions outside the border which are conducted without authorization by banking units, futures commission companies, and other organs that have not been approved by the China Securities Supervision Committee and the State Administration of Exchange Control and which have not been registered by the State Industrial and Commercial Bureau are considered illegal acts. All futures operational organs that continue to engage in illegal futures transactions outside the border must immediately stop their transaction activities. Beginning from the date of issuing this circular, these organs should not accept any new clients or orders, and should conscientiously verify the undue contracts and clear up their storehouses. Organs engaging in illegal futures transactions outside the border should voluntarily submit a written report on their screening and consolidation work to the provincial securities supervision and management committee. If any concealment or cheating is discovered, the provincial securities supervision and management committee will give strict and heavy punishment. Organs engaging in illegal futures transactions outside the border should actively cooperate with relevant departments to conscientiously conduct investigation work. During the consolidation period, these organs should do a good job in dealing with the aftermaths and prevent the cropping up of problems that may affect social order.

The circular stresses in conclusion: All futures transactions outside the border which clients (units or individuals) have entrusted to unapproved and unregistered organs, whether the cash deposits are in foreign currency or renminbi, are considered illegal acts. Neither side will be protected by the law. The investors should quit as early as possible so as not to be cheated or suffer losses.

PRC: Money Supply Drops; Tight Monetary Policy To Continue

HK2903011096 Beijing ZHONGGUO ZHENGQUAN BAO in Chinese 29 Jan 96 p 1

["News analysis" by staff reporter Ding Jianming (0002 1017 6900): "Why Was Less Currency Put Into Circulation Last Year?"]

[PTS Translated Text for FBIS] Among various statistical data regarding China's monetary industry in 1995, one of the most noticeable is the drastic drop in the country's supply of cash in circulation. According to statistics released by the People's Bank of China, the net supply of cash in circulation totalled 60 billion yuan last year, down by over 82 billion over the previous year and registering a mere 8.2-percent growth in the net supply.

It has been learned that last year's supply of cash in circulation was the lowest since 1992, representing the slowest growth ever since the introduction of the reform and opening-up policy. In the three years prior to last year, the annual net supply of cash in circulation exceeded 100 billion yuan every year, which stood at 115.9 billion yuan in 1992, 152.8 billion yuan in 1993, and 142.4 billion yuan in 1994.

Why this drastic drop in last year's money supply following large-scale money supply for three consecutive years?

Analysis shows that the most fundamental reason for China's success in controlling its cash supply last year was the gradual materialization of the series of macrocontrol measures the state has adopted over the past couple of years; and particularly, the adoption of a moderately tight fiscal and monetary policy which calls for strict control over the credit scale, over the scale of fixed assets investment, and over the growth of consumption funds, thus gradually putting the national economy onto the track of a smooth and steady operation. According to statistics, the fixed- assets investment grew by 19 percent in 1995, registering a further drop of 12 percentage points over the drastic fall of the previous year; and the trend of high-speed growth in consumption funds was also brought under control. The volume of cash supply is closely related to both

fixed assets investment and the growth of consumption funds. The country's success last year in effecting a big reduction in the total fixed assets investment and in checking the excessive growth of consumption funds has created conditions for this year's success in controlling the money supply.

Another major factor leading to last year's smaller money supply is that the work of recalling currency from commodities and credit has been proceeding satisfactorily. Statistics show that total volume of retail sales in society exceeded 2 trillion yuan, representing an increase of 28.3 percent over the previous year; after allowing for inflation, the increase still stood at 11.8 percent. Rapid development has also been registered in the service industry, and the brisk market sales and the flourishing development of the service industry have both played their part in the country's efforts to reabsorb currency. On the other hand, thanks to both the state's decision to regard the work of curbing inflation as a task of prime importance for the year's economic work and the bank practice of ensuring value-guaranteed long-term savings deposits, residents have become more confident in the government's ability to curb price rises; as a result, they have put the most part of their income into the bank and only kept a small part for living expenses, and therefore the amount of cash held by residents for purchasing purposes remains at a low level. According to relevant statistics, the annual increase in the bank savings of urban and rural residents exceeded 810 billion yuan last year.

In addition, the large-scale issuance and use of credit cards in recent years and the gradual popularization of the bank service of paying out wages on behalf of employers have both played a role in reducing the money supply.

Experts believe that the drop in China's supply of cash in circulation last year attests to the full the correctness of the series of macrocontrol measures adopted by the state and to the remarkable results attained by the Central Bank in implementing a moderately tight monetary policy.

At the same time, some monetary experts have pointed out that last year's drastic drop in money supply over the previous year does not mean that the Central Bank has pursued an undue tight-money policy, for the 60 billion yuan of currency put into circulation last year is an additional amount based on the total supply of 410 billion yuan over the previous three years from 1992 to 1994. What is more, we should ultimately judge the tightness of money by the broad money supply, not on cash only.

Last year, the total amount of newly approved loans extended by all monetary organs across the country was 934 billion yuan, an increase of 23 percent; and the total money supply rose by 29.5 percent over the previous year, while the increase in retail prices remained 14.8 percent. All these are proof of an excessive total money supply in society, and for this reason, we should continue to implement the moderately tight monetary policy this year.

PRC: Everbright Bank Introduces Shareholding System

OW2803115096 Beijing ZHONGGUO XINWEN SHE in English 0147 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — The Everbright Bank will be restructured into a shareholding commercial bank this year.

This was announced by Qiu Qing, member of the Standing Committee of the National People's Congress and Chairman of the Board of the bank.

According to Qiu, the Everbright Group will have a majority stake in the bank. Now preparations have been completed including the necessary procedures and asset evaluation. A sound campaign will be launched to attract capital.

The bank, founded in August 1992, is wholly owned by the Everbright Group. By late last year, it had assets in the Renminbi (China's currency) and foreign currencies equivalent to RMB [Renminbi] 33.686 billion (US\$ about 4.049 billion).

It has seven branches and two others under its direct leadership, forming a national commercial banking network.

After restructuring, the bank will have gross capital of RMB 4 billion (US\$ 480.792 million), up from RMB 1.6 billion (US\$ 192.308 million) at present.

PRC: Jiangsu Savings Deposits Top 213 Billion Yuan

OW2903043796 Beijing XINHUA in English 0220 GMT 29 Mar 96

[FBIS Transcribed Text] Nanjing, March 29 (XINHUA) — The saving deposits of residents of Jiangsu Province in east China had surpassed 213 billion yuan by the end of February this year, bank sources said here today.

The sources said the rapid growth of residents' bank savings deposits is surprising, as the figure at the end of February 1994 was only 100 billion yuan.

By the end of 1995 the province's average bank saving deposits per capita soared to 2,700 yuan from the 692

yuan at the end of 1990, hinting an annual growth rate of 25 percent.

The sources attributed the remarkable growth to massive salary rises in urban areas and higher farm product prices in rural areas, both resulting in increases in residents' cash incomes.

Higher bank interest rates and the necessity of saving for housing, medical, education and other major family expenditures also boosted people's savings enthusiasm, the sources said.

Foreign Trade & Investment

PRC: Prospects for 1996 Electronics Exports

OW2803133496 Beijing ZHONGGUO XINWEN SHE in English 0342 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — China will export electronics worth between US\$18 billion to 20 billion this year to register, a 25 percent increase over last year, Director of the Economic Operation and Restructuring Department of the Ministry of Electronics Industry, Li Yuxiang, said today.

According to Mr. Li, revised import and export duties will enable mainland enterprises to improve the quality of their products in the long term. However, negative effects could be expected in the short term.

Keener competition will be seen in the export market, he said. Inflationary pressures would remain as a shortage of capital.

In 1996, fixed asset investment may fall slightly, which will in turn affect the demand for some electronics goods, he predicted. Enterprises faced with economic difficulties would face new problems. Accordingly, reform policies should be persisted to achieve greater technical renovation in the electronics industry.

PRC: Increased Exports of Traditional Medicines Predicted

OW2703135996 Beijing XINHUA in English 1348 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Chinese medicine could provide a perfect tonic for the country's export industry by the end of the century, experts have predicted.

They believe that exports of traditional Chinese medicine [TCM] could earn a healthy two billion US dollars annually by the year 2000 if a national project is adopted.

At a recent session of the State's top advisory body, 38 members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC),

who are also experts on traditional Chinese medicine, put forward the idea of a national project to promote and develop TCM.

The ideas were contained in a working document entitled "Proposal for the establishment and implementation of a national project of developing the Chinese Traditional Medicine".

The proposal was based on a study on the strategy and policy of Traditional Chinese Medicine exportation, conducted by the Information Center of the State Science and Technology Commission, and a information branch of the Traditional Chinese Medicine Institute of China.

The study showed that the total sales volume of the traditional Chinese medicine on overseas markets in Hong Kong, Macao, Taiwan, as well as Southeast Asian countries, and western countries topped 14 billion US dollars in 1993, and was rising by an annual rate of ten percent.

As a major exporting country of the medicine, China, only sees an annual export volume of one billion US dollars, according to the study.

The main reasons hindering exports were the low scientific basis of traditional Chinese medicine, and the lack of an integrated set of scientific statistics for the quality and effectiveness of most medicines, concluded the study.

Underdeveloped forms of drugs and medicine packaging have led to a situation for a long period in which most profits from traditional Chinese medicine production go to overseas manufacturers. This is because medicinal materials for traditional Chinese medicine make up most of the export from China.

To solve those problems, the medical experts suggest that the Chinese government grant an initial investment for the project, and the State Council set up a co-ordinative organization to form a centralized management of exports of the traditional Chinese medicines.

PRC: CIGNA Insurance Group Organizes Investment Fund

OW2803164096 Beijing XINHUA in English 1545 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — The CIGNA Insurance Group of the United States has set up a nationwide investment fund to increase its business in China.

The CIGNA China Investment Fund, in cooperation with the CIGNA International Corporation and the Citi-

corp China Investment Management Limited, will finance China's foreign-funded firms and foreign firms with business and assets in China. Citicorp is a subsidiary of the Citibank.

"The fund's final capital will depend on the investment in the projects the fund will select," said B. Kingsley Schubert, CIGNA's president. "CIGNA and the Citicorp have decided to put 30 million US dollars into Shanghai."

The investment will not be confined to Shanghai, "it will be nationwide," said Schubert. "Projects related to building materials and pharmaceuticals" will be considered.

"CIGNA is easily the best" in North America as far as life insurance, especially medical health insurance, is concerned, Schubert pointed out. "We've held discussions with some Chinese Government departments" in order to help reform China's medical health insurance system.

Peter C. O'Connor, CIGNA senior vice president, added that CIGNA's investment in China has reached 100 million US dollars, in Shanghai and other places.

CIGNA is sponsoring the Philadelphia Symphony Orchestra's performance in China in May. That will be the third time the insurer has sponsored the orchestra's visits to China.

CIGNA's businesses are among the largest insurance, health care and financial services enterprises in the world. It has representative offices in Beijing and Shanghai.

PRC: Sino-ROK Auto Parts Joint Venture Set Up in Jinzhou

*OW2703125496 Beijing XINHUA in English
1231 GMT 27 Mar 96*

[FBIS Transcribed Text] Shenyang, March 27 (XINHUA) — China's biggest joint venture auto-parts company has been established, with a large group from the Republic of Korea a major investor.

Work on a new factory, costing a record 29 million US dollars, will get underway in May in Jinzhou, in northeast China's Liaoning Province.

The Jinzhou Halla Electrical Equipment Company is a joint venture, established by the Mando Machinery Corporation of the Republic of Korea, and the locally based Jinzhou Electrical Machinery and Equipment Plant.

The new factory is expected to become operational July next year, producing 930,000 starting motors and high-

grade generators every year for cars and vehicles during the 30 years of joint operation.

Its products and output are expected to reach international level of the 1990s.

The Mando Machinery Corp, a renowned giant in precision machinery techniques and advanced electronic technologies, is a subsidiary of the Halla Business Group of the ROK, which is the largest investment consortium in China from the ROK.

PRC: Nanning Seeks Foreign Capital for 183 Projects

OW2603155096 Beijing ZHONGGUO XINWEN SHE in English 1132 GMT 26 Mar 96

[FBIS Transcribed Text] Nanning, March 26 (CNS) — Nanning, the capital of Guangxi, will host a trade fair from April 10 to 12, 1996 at which 183 projects will be offered to foreign investors.

Designated by the State Council as one of the 32 leading cities in 1996, Nanning will seek to inject foreign funds into the revitalization of state owned enterprises. Among the 183 projects to be offered to foreigners, 73 relate to manufacturing, 7 to town planning, 83 to hi-tech and 20 to real estate development projects.

Notable projects include a paper mill with a US\$ 1.86 billion investment and a RMB [renminbi] 197 million aluminum factory with an annual output of 34,000 tonnes.

A municipal government official said that trade fair would attract over 500 domestic businesses as well as investors from Hong Kong, Macao, Taiwan and abroad.

PRC: Guangzhou Seeks Foreign Capital for Construction

OW2903010296 Beijing ZHONGGUO XINWEN SHE in English 0510 GMT 28 Mar 96

[FBIS Transcribed Text] Guangzhou, March 28 (CNS) — According to Chen Kaizhi, vice mayor of Guangzhou, construction projects in Guangzhou will be funded as to 40 percent by foreign capital during the period of the Ninth Five Year Plan with over US\$ 2.2 billion being injected per year.

By 2000, the city's economic growth will be 6.5 times higher than in 1980. This will lay the foundations for the establishment of an international metropolis. Investment in basic infrastructure construction will be RMB [Renminbi] 330 billion which will come as to 30 percent from a construction fund of financial departments and loans, 30 percent from enterprises and

40 percent from overseas at an average annual rate of over US\$ 2.2 billion.

During the period, construction will be focused on expanding the size of the urban area from the present 210 square kilometres to 330 square kilometres. Projects proceeding into the next century will number 15 and include construction of a mass transit railway, light railway, a new international airport, large sewage treatment plants and the Zhujiang New Town.

Foreign capital used, as a proportion of the total, will be the same as in the preceding five year plan when its amount reaching US\$ 8 billion.

Guangzhou Municipal Government will adopt four measures to support foreign investment.

First, laws and policies will be directed to ensuring greater flexibility in the methods of participation in individual projects, the duration of the investment voting rights and divided distributions.

Secondly, a coordinating group will be set up to oversee the execution of projects.

Thirdly, the investment environment will be improved. Foreign- funded enterprises will enjoy the equal treatment as domestic enterprises. Guangzhou will check on the "arbitrary charges" imposed on foreign-funded enterprises and set up a fee collection permit system.

Fourthly, Guangzhou will set up overseas trade offices to solicit the investment interest of financial institutions and multinationals in basic infrastructure construction.

PRC: Foreign-Funded Power Plant Starts Operation in Hainan

*OW2803141196 Beijing XINHUA in English
1341 GMT 28 Mar 96*

[FBIS Transcribed Text] Haikou, March 28 (XINHUA) — A foreign-funded thermal power plant with a generating capacity of 150,000 kw went into operation in Wenchang City, Hainan Province, today.

The Qinglan Power Plant was jointly built by the Enron Corporation of the United States and the Power PTE Ltd. of Singapore, at a cost of 136 million US dollars.

With four generators, the plant will be transferred to the Hainan Provincial Power Industry Company after 12 years of operation.

Addressing a ceremony to mark the opening of the plant, Kenneth Lay, chairman and chief executive officer of the Enron Corporation, said, "We are delighted that the power plant has been completed within 14 months. We will continue to cooperate with Hainan in developing natural gas resources."

PRC: Hebei Development Zones Become Export Leaders

*OW2703082096 Beijing XINHUA in English
0759 GMT 27 Mar 96*

[FBIS Transcribed Text] Shijiazhuang, March 27 (XINHUA) — Hebei Province's 19 economic and technology development zones have become leaders in export-oriented economic development.

The northern Chinese province, which surrounds Beijing and Tianjin, is one of China's old industrial bases.

By the end of last year, there were 1,501 enterprises in the zones, with 485 more still under construction.

A provincial official said that these zones generated an industrial output value of 8.372 billion yuan last year, up 54 percent over the previous year, and exported 137 million yuan worth of goods, up 89.9 percent.

PRC: German Shipping Company To Open Routes From Shanghai

*OW2903094796 Beijing XINHUA in English
0756 GMT 29 Mar 96*

[FBIS Transcribed Text] Shanghai, March 29 (XINHUA) — The Hapag- Lloyd Shipping Corporation Ltd, Germany's largest, is projected to open deep-sea sailing routes starting from this, China's largest economic center.

This was announced by a Hapag-Lloyd representative who participated Thursday in the inauguration ceremony for a solely- funded company and a branch office in Shanghai of the German corporation, which ranks fifth in the world in line in the quantity of containers it handles.

The representative said that the effort shows the determination of his corporation to develop trade exchanges with Shanghai, the leading shipping center in China.

Now about one tenth of the container-carried cargoes handled by the German corporation are connected with trade with China. Last year the Sino-German trade value surpassed 25 billion US dollars.

The just-established Hapag-Lloyd Shipping (China) Corporation Ltd will be involved in shipping to North America and Europe, the representative said.

Agriculture

PRC: Fujian Efforts in Agriculture Sector Outlined

*OW2903095296 Beijing XINHUA in English
0740 GMT 29 Mar 96*

[FBIS Transcribed Text] Fuzhou, March 29 (XINHUA) — The period of the Eighth Five-Year Plan (1991-1995)

saw an accelerated growth of agriculture in east China's Fujian Province, which played a leading role in the take-off of local economy.

By taking advantage of local conditions conducive to agricultural expansion, such as balmy climate, and mountainous and coastal landforms, the province scored a jump in output of farm produce, resulting in a big increase in farmers' income.

As a part of its effort for the comprehensive development of agriculture, Fujian is developing multi-faceted and high-yielding forestry, and oceanic fishing, with the aim of making them agricultural pillars.

Also greatly contributing to agricultural growth are the province's some 30 commodity grain bases, which bear 73 percent of Fujian's grain quotas, and nine export-oriented bases producing fruits, tea, edible fungi, vegetables, edible bamboo shoots or flowers, and raising domestic animals and fowls.

Thanks to these efforts, the province's output of edible fungi and aquatic products ranked first in the country during the five-year period.

To maintain the healthy and steady development of agriculture, the province plans to shift its focus to the upgrading of the processing industry and agricultural products market.

PRC: Gansu Acts To Protect Provincial Water Resources

OW2903094996 Beijing XINHUA in English
0804 GMT 29 Mar 96

[FBIS Transcribed Text] Lanzhou, March 29 (XINHUA) — Water-short Gansu Province in northwest China is taking effective measures to protect its water resources.

A survey showed that the amount of per capita water resources in Gansu ranks 24th in the country.

The provincial government raised 787 million yuan (about 90 million US dollars) for water-conservancy work last year, up from 470 million yuan in 1991.

The province also uses foreign funds for this purpose.

To develop a better management system departments of water conservancy have started to clarify the property rights of water-conservancy facilities, valued at 5.7 billion yuan.

A modern enterprise system has been introduced to some key projects as an experiment to improve their management.

The industry collected 200 million yuan in fees for using water-conservancy facilities last year.

There are more than 400 local regulations concerning water resources protection and facilities management.

PRC: Qinghai Vice Governor Stresses Grain Work

SK2903120896 Xining QINGHAI RIBAO in Chinese
21 Feb 96 p 1

[FBIS Translated Text] At the provincial work conference on commodity circulation that ended on 9 February, Vice Governor Zhao Leji stressed that great attention must be paid to grain work.

At this conference, Zhao Henglun, director of the provincial trade department, set forth the focal points of the province's commercial and trade work from the fields of: further deepening reform, maintaining the overall balance of essential commodities, improving service to agricultural and livestock production, expanding markets and sales, strengthening enterprise management, halting deficits and increasing profits, vigorously developing foreign economic relations and trade, and combining domestic trade with foreign trade.

In his speech, Zhao Leji fully affirmed the work done last year by staff and workers of the province's commodity and grain supply departments in seizing the opportunity provided by reform and opening up to build markets, develop trade, and stimulate circulation on a large scale and to make markets stable and prosperous. With regard to grain work, he said: When viewed from the grain situation in the province, the effort to appropriately supply grain and basically stabilize grain prices has always been the central link of the work on domestic trade. After implementing the system where the provincial governor assumes overall responsibility for completing the "grain sack" project, the province definitely stipulated that various localities should mainly depend on the grain purchased on a contract basis to balance grain demand and supply of urban residents, with the deficiency made up by the grain purchased from other provinces at negotiated prices. The grain purchased on a contract basis is limited in the province, being 40 million kg only. However, the amount of the population consuming commodity grain is great in the province, numbering nearly 2 million, and their demand for grain is about 400 million kg every year. To make up for this deficiency, the province must primarily depend on grain allocated from other provinces. Worse still, such a situation is hard to change in a brief space of time. The State Council has decided to raise the purchase price for contracted grain and to appropriately readjust the marketing prices beginning this summer. Beyond doubt, this decision will make it extremely difficult to stabilize markets and commodity prices.

Zhao Leji stressed: In the course of firmly and unswervingly developing grain production and gradually enhancing the degree of grain self-sufficiency, we must enhance our ability to regulate and control markets. In this aspect, we should first pay attention to the purchase, allocation, and transport of grain and appropriately organize the work on allocating and transporting grain from other provinces and receiving the imported grain in order to ensure grain supply. Second, we should strengthen and guarantee the grain reserves of the province, autonomous prefectures (prefectures and cities), and counties. The province's grain in stock

should be kept at 500 million kg or more. Third, we should establish a standardized operation mechanism for grain supply and marketing. Zhao Leji also put forward specific demands on further deepening the reform of the system of supply and marketing cooperatives and developing state-owned cooperative commercial enterprises amid competition.

The conference also commended and awarded the 10 localities and units that fulfilled the state contracted quotas of grain, the contracted quotas of oil-bearing crops, and the beef and mutton allocation plan in 1995.

North Region

PRC: Beijing City To Build Fiber Optic Communications System

OW2003113496 Beijing XINHUA in English
0728 GMT 20 Mar 96

[FBIS Transcribed Text] Beijing, March 20 (XINHUA) — China's capital city is set to have multi-channel TV programs as part of a fiber optic communications system.

It will eventually give people in Beijing a choice of hundreds of television channels to choose from, when the system is brought into use during the period of the Ninth Five-Year plan period (1996- 2000).

The project has been approved by the municipal government and construction has already started, said Li Tingzhi, head of the Municipal Radio and Television Bureau.

The network will be a modern radio and television cable network, consisting of fiber optic, microwave, and electric cable.

The project will be divided into two stages, the first will connect two million households in urban and suburban regions. The second will extend the network to cover 85 percent of the whole city area.

After the completion of the project, the network will be able to provide 47 TV programs and 18 stereo-sound broadcasting programs, and the number of TV programs can be increased if the digital technology is applied.

The operation of the network will also lay a foundation for developing it into a multi-functional system capable of providing such kinds of social services as auto-alarms, security monitoring, information indexes, and television conference facilities.

PRC: Beijing CPPCC Committee To Expand Democratic Supervision

OW2203155996 Beijing XINHUA in English
1506 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — The Beijing Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC) will work hard to explore ways to expand and strengthen democratic supervision, in order to promote the construction of socialist democratic politics, a senior Beijing municipal official said here today.

Addressing the opening ceremony of the Fourth Session of the Eighth Beijing Municipal Committee of the CPPCC, Wang Daming, chairman of the Beijing Municipal Committee, said that CPPCC members should cherish

their rights and make their best efforts to wholeheartedly fulfil their duties of political consultation, democratic supervision and participation in state affairs.

The current session will focus on discussions on Beijing's Ninth Five-Year Plan (1996-2000) and the Long-Range Objectives to the Year 2010, and hearing the work report of the municipal government.

Wei Jianxing, a member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and secretary of the CPC Beijing Municipal Committee, Mayor Li Qiyan, leaders of concerned municipal government departments and more than 600 CPPCC members of the Beijing Municipal Committee attended today's opening ceremony.

PRC: Beijing Unveils Development Strategies for 1996-2000

OW2503035296 Beijing XINHUA in English
0244 GMT 25 Mar 96

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — China's capital has five major strategies for the Ninth Five-Year Plan (1996-2000) to improve industrial development, local government sources told XINHUA recently.

The five strategies are:

— Changing the industrial structure. Beijing will devote efforts to developing automobile manufacturing, electronics, and machinery and improving metallurgy, chemistry, and building materials industries. More efforts will be put into developing tertiary industry.

— The city will try to establish 10 conglomerates with each having annual sales of more than 10 billion yuan and 20 groups with each having annual sales of five billion yuan.

— The city will make use of scientific and technological advantages to improve technology in enterprises. By the year 2000, its high-tech output value is expected to account for 20 percent of total industrial output value, up from the current 10 percent.

— The city expects to develop five to 10 brand-name products and some 100 types of products with an annual sales of more than 100 million yuan each, 20 of which will have annual sales of at least one billion yuan each.

— It will open wider to both domestic and overseas markets. By the year 2000, the city's industrial exports are expected to reach 60 billion yuan, accounting for 25 percent of Beijing's total industrial sales. Total overseas investment in the city's industries is expected to reach two billion U.S. dollars.

Local economists predict that the five strategies will allow Beijing's industries to develop at an average annual rate of 10 percent during the five-year period.

By the year 2000, the city's total annual industrial output value will reach 210 billion yuan and the figure will be doubled by the year 2010.

In 1995, Beijing had about 126 billion yuan in total industrial output value, an increase of 10.2 percent over the previous year.

PRC: Vice Mayor: Beijing To Open 'Even Wider' to Outside World

*OW2503173796 Beijing XINHUA in English
1624 GMT 25 Mar 96*

[FBIS Transcribed Text] Beijing, March 25 (XINHUA) — Beijing Vice-Mayor Jin Renqing said here today China's capital planned to open its doors even wider to the outside world during the next five years.

The Vice-Mayor said that Beijing will open still wider to the outside world during the Ninth Five-Year Plan period (1996-2000).

Jin made the remark at a panel discussion in Beijing involving Hong Kong and Macao members of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a top adversary group in Beijing.

He said that Hong Kong, Macao and Taiwan investors, and foreigners should not doubt Beijing's resolve to step up reforms, and open wider to the outside world, merely because a few corrupt officials in Beijing have been exposed.

"Beijing will always unwaveringly persist in the reform and opening up, and more friends are welcome to invest in Beijing, and seek common development," he told Hong Kong and Macao members.

"Opening Beijing to other parts of China, and the rest of the world is indispensable to expanding Beijing's economy," he noted.

PRC: Beijing Sets Targets for Future Economic Development

*OW2903113796 Beijing XINHUA in English
0927 GMT 29 Mar 96*

[FBIS Transcribed Text] Beijing, March 29 (XINHUA) — Beijing has mapped out plans to quadruple its 1980 per capita gross domestic product (GDP) by the year 2000, which is expected to double by the year 2010. Beijing mayor said here today.

By then, Beijing will become an international metropolis opening up to the outside world in an all-round way.

XINHUA learned here today at the opening ceremony of the Fourth Session of the 10th Beijing Municipal People's Congress.

Delivering a work report on the Ninth Five-Year Plan (1996-2000) for Beijing Municipal Economic and Social Development and the Outline of Long-range Goals to the Year 2010, Mayor Li Qiyan said that in the next 15 years Beijing is expected to be built into a city which boasts developed culture, science and technology, a sound legal system and good ethics.

Local residents become more wealthier on the basis of being well-fed, and the overall strength of social, economic and scientific development is expected to reach or surpass the level of advanced foreign capital cities, he added.

During the next five years the local economy is expected to develop at an average annual rate of nine percent, with local GDP reaching 215 billion yuan by the year 2000. Counting the influence of price increases, urban per capita income and rural per capita net income are expected to develop at an average three to five percent annually. By the year 2000 the per capita allocation of housing space will reach 15 sq m.

The development speeds of industry, agriculture and tertiary industry are set at average three percent, 8.3 percent and 10.5 percent annually, respectively. The output of tertiary industry is expected to amount 50 percent of the local total GDP, Li said.

By the year 2000 the local permanent population is expected to be controlled at under 11.25 million, and the number of college students at 240,000. Some 35 percent of the urban area will be covered with trees and grass, and per capita green area will reach seven sq m., he added.

The city's total imports and exports are to reach nine billion US dollars-worth, and exports alone will reach 4.1 billion US dollars-worth. Realized foreign investment is expected to amount to six billion US dollars, Li said.

In the next five years investment in fixed assets will increase at an average 10 percent, with the total amount reaching 389.5 billion yuan. The increase of retail prices will be under 10 percent, the mayor said.

To realize these targets the municipal government will devote more efforts to further improving various contract responsibility systems in rural areas and strengthen the construction of farm and sideline produce markets, as well as projects to increase grain and vegetable production, he said.

Meanwhile, importance will be attached to developing energy-saving and high-yield industries, electronic information, biological projects and new medicines, he said, adding that the focus will be put on developing car, electronics and machinery industries.

Priority will also be put on developing commerce, finance and insurance, tourism, transportation, posts and telecommunications, and information services. The real estate industry will be developed at a moderate speed.

By the year 2000 overseas visitor arrivals will reach 2.4 million, bringing a profit of 2.5 billion US dollars.

Development of hi-tech zones, technology-intensive industrial belts, export-oriented industrial zones, and scenic spots will also be strengthened.

PRC: Beijing Mayor on Chen Xitong-Wang Baosen Case

*OW2903094296 Beijing XINHUA in English
0859 GMT 29 Mar 96*

[FBIS Transcribed Text] Beijing, March 29 (XINHUA) — The Beijing government should seriously learn from the mistakes made by former Party Secretary Chen Xitong and the crimes of former Vice-Mayor Wang Baosen, Beijing Mayor Li Qiyan said here today.

Last year, Chen was removed from his post as local Party secretary for some serious mistakes he made in his work and Wang committed suicide when the crimes he committed were discovered.

Addressing the 4th Session of the 10th People's Congress of Beijing which opened here today, Li said: "This has left an extremely bad impact and caused a great deal of loss. As mayor of the capital, I should take some responsibility for this, and I have to face it with a heavy heart."

Li added that, in the course of reforms and opening up to the outside world, greater efforts should be made to keep government clean and to stop corruption.

In the past year, the mayor continued, we have continued to learn from this and tried to work out or improve measures for fighting corruption from the standpoint of regulations, structure, and system.

"In the wake of our increasingly strict anti-corruption efforts, we feel the seriousness, complexity, and urgency of the struggle in new circumstances," Li said.

He noted that all government functionaries, leading officials in particular, should make every effort to guard against corruption, bureaucracy, and failing to do their duty, and behave more properly for clean and more efficient government.

Li urged the government to improve its internal and systemic supervision and to prevent personal power or the use of public power for private interest.

The government should also accept strict responsibility for local legislatures, people at the grass roots, and various non-governmental groups to improve democracy.

The mayor said that local officials should unite around the Central Committee of the Communist Party of China with General Secretary Jiang Zemin at the core, to safeguard the authority of the central government, and to consider the overall situation and not regard themselves as infallible.

He said that in 1996 the local government should take greater steps to fight corruption, including tightening the supervisory mechanism, looking into cases which involve officials who violate the law or regulations, and in continuing to assist the Party Central Committee in investigating the case of Chen Xitong and those involved in it.

PRC: Inner Mongolia Secretary Visits Hexi Space Company

*SK2803062096 Hohhot NEIMENGGU RIBAO
in Chinese 18 Feb 96 p 1*

[By reporter Zhang Zhaocheng (1728 0340 2052)]

[FBIS Translated Excerpt] On the morning of 16 February, Liu Mingzu, secretary of the regional party committee; Han Maohua, standing committee member and secretary general of the regional party committee; and Shen Shuji, vice chairman of the regional government, went to the Hexi Company under the Space Industrial Company of China to extend cordial regards to the staff and workers there and to wish them a happy Spring Festival; and also highly assessed the company's prominent achievements. [passage omitted]

Hexi Company is a war industrial enterprise with a 30-year-long production and scientific research history. Over the past years, the people of this company, with a sense of mission to develop China's space and national defense industries, have made vigorous efforts and successively captured "five championships" in large-scale flight tests. Particularly, on 28 November and 28 December 1995, solid propellant engines, manufactured by this company, successfully sent the "Asia No. 2" satellite and the "Echo No. 1" satellite 36,000 km away to the global synchronous transfer orbit, thus adding a page of the most brilliant significance to the history of the company. [passage omitted]

PRC: Inner Mongolia Secretary Comments on Development Targets

SK2203112596 *Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 21 Mar 96*

[FBIS Translated Excerpt] On the morning of 21 March, the autonomous regional party committee held a meeting of cadres at or above the deputy chief level of the departments directly under the autonomous region to relay the spirit of the fourth session of the eighth National People's Congress and the National Chinese People's Political Consultative Conference [CPPCC].

Liu Mingzu, secretary of the autonomous regional party committee, relayed the spirit of the two sessions and made arrangements for studying and carrying out the spirit of the two sessions. Wu Liji, deputy secretary of the regional party committee and chairman of the regional government, chaired the meeting. Qian Fenyong, Bai Enpei, Wang Zhan, Uyunqim, and Yun Bulong attended the meeting.

Liu Mingzu held: The fourth session of the eighth National People's Congress and of the eighth CPPCC committee was of great significance. The sessions took the guiding thoughts set forth by the party Central Committee as a guiding principle, and, through legal procedures and in accordance with the proposal of the party Central Committee, formed the outlines of the CPC Central Committee for formulating the Ninth Five-Year Plan for national economic and social development and the long-term target for the year 2010, representing the opinions of the state as well as of the people of all nationalities. Also, arrangements were made for the economic and social development of our state in the key historical period, which is the upcoming five years and fifteen years. [passage omitted]

Liu Mingzu pointed out: It is imperative to take into consideration the real situation of our region and conscientiously transmit and carry out the spirit of the two sessions. This is very important for our achieving success in our present tasks and for fulfilling all the targets of the Ninth Five-Year Plan. All localities and departments should follow the arrangements of the autonomous regional party committee and master the essence of the two sessions in a comprehensive manner in a bid to unify the thoughts of the all-level cadres and people. It is imperative to make carrying out the two promotions the major contents of the task of unifying our thoughts and also an important task while we carry out the spirit of the fourth plenary session of the eighth National People's Congress. It is imperative that we continue the mass studies and mass discussions on the socialist market economy with a view to emancipating our mind and updating our thoughts. We should follow the overall

target, which was set forth by the autonomous regional party committee, of carrying out the two changes and two promotions to fulfill the two historical tasks, and further perfect our thoughts on development.

Liu Mingzu pointed out: To comprehensively achieve the targets set forth by the session, we should attach importance to various respects. The most important thing is that we should follow the arrangement of the central authority, take into consideration our real situation, strengthen leadership, carefully organize, and make efforts to achieve breakthroughs in aspects such as developing agriculture, animal husbandry, and economies of rural and pastoral areas, achieving success in state-owned enterprises, checking inflation, and doing a good job in aiding the poor. It is imperative to increase the input in infrastructural facilities for agriculture and animal husbandry, strengthen water conservation works, improve farmland with medium and low yielding, and [words indistinct]. We should safeguard our four-pillar industries and three [words indistinct] enterprises. Some [words indistinct] enterprises and large-scale syndicates should be developed. Further steps should be taken in macroeconomic control in a bid to check inflation. We should fully understand the importance and arduousness of the aid-the-poor work. We should follow the overall arrangement of the autonomous regional party committee and government, focus our efforts on lifting the 2.5 million impoverished people in rural and pastoral areas and several hundred thousand in cities and towns from poverty.

Liu Mingzu held: The fourth plenary session of the eighth National People's Congress called for more attention on the development of the middle and western areas. We should firmly focus on this guideline, comprehensively implement the strategy of transforming resources, speed up resource development, and promote resource development to a new stage featured unity between scale and efficiency. Further steps should be taken to accelerate our construction of the state's key projects, and, in the most rapid manner possible, strive to start these projects' construction, to complete the construction, to put the projects into operation, and to yield efficiency. Meanwhile, we should pay attention to key local projects, and in particular, the resource development of agriculture and animal husbandry. The farm and animal products processing industries, such as wool, leather, food, and medicine should be developed in a bid to improve local economic strength and enhance local economic development.

Liu Mingzu pointed out: When implementing the Ninth Five-Year Plan, we should attach importance to the construction of the spiritual civilizations. Unremitting efforts should be paid to educate the broad masses of

cadres and people with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The education on patriotism, collectivism, and socialism should be developed in an in-depth manner. The education on public morality and ethics should be reinforced. We should continue to improve the socialist democratic and legal system construction, protect the democratic rights of the people in a down-to-earth manner, and maintain a good order in developing the socialism market economy system. It is imperative to do a good job in the nationality work, consolidate the unity of various nationalities, and safeguard the reunification of the motherland.

Lastly, Liu Mingzu emphasized: The major principles have been set, and the key is implementation. Governments at all levels, no matter what aspects they are dealing with, should employ the spirit of seeking the truth with a pragmatic style, follow the guiding thoughts and principles set forth by the fourth plenary session of the eighth national people's congress, unify thoughts, assume the overall responsibility of the general task, and strengthen coordination. It is imperative to work in a down-to-earth manner to resolve all the problems in reform and development, carry out the two changes and two promotions in a bid to accomplish the two historical tasks, and strive for bigger success in our work this year.

Also attending the meeting were other leaders of the autonomous regional people's congress, government, and CPPCC committee, and responsible persons from departments and units of organs directly under the autonomous region.

PRC: Inner Mongolia External Propaganda Work Meeting Ends

SK2203060796 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 21 Mar 96

[FBIS Translated Text] The three-day regional external propaganda work conference ended in Hohhot on 21 March.

The conference deeply analyzed the situation ahead of the external propaganda work front, and studied and defined the major external propaganda work tasks in the next five years.

At the closing ceremony, Wuyunqimuge, deputy secretary of the regional party committee, set forth opinions on how to further achieve the region's external propaganda work.

He pointed out: In the new historical age when the reform, opening-up, and modernization drive is being launched, our region's external propaganda work front

confronts the basic tasks of serving the economy, promoting the opening of the region to the outside world, fostering a good image, and enhancing cooperation. Simultaneously, closely in line with the diplomatic struggle, the external propaganda front should wage a tit-for-tat struggle against all sorts of lies invented by Western media in an attempt to hold back the development of China, thus eliminating all minus factors and misunderstanding and striving to gain the initiative in the international media.

Wuyunqimuge pointed out: The year 1996 is the first year to implement the Ninth Five-Year Plan. The general ideologies for guiding the region's external propaganda work are to take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line as a guide; to observe the basic idea governing the propaganda and ideological work; to take the propaganda on Inner Mongolia's unity, development, democracy, and civilization as key contents; to try every possible means to expand the dynamics of external propaganda; and to create a new external propaganda work situation. To serve the reform of the economic system and the change of the economic growth model and to witness increases in revenues and urban and rural residents' incomes, we should disseminate the region's achievements and good trends in economic development and social progress, propagate the region's open policies, make full use of domestic and foreign markets and natural resources to positively take part in domestic and international competition and cooperation, and bring into play our region's economic advantages. Meanwhile, we should use a host of vivid facts to disseminate the situation where the people of various nationalities in the region ceaselessly improve their material and cultural lives and to introduce our region's achievements in accelerating the building of democracy and the legal system and promoting democratic politics. We should also disseminate some typical examples surfacing from the people of various nationalities and the people of various circles to reflect the development of the undertakings promoting democratic unity and progress as well as the mental outlook of the people of various nationalities.

Wuyunqimuge pointed out: The year 1997 will mark the 50th anniversary of the Inner Mongolia Autonomous Region. Positively, actively, comprehensively, and accurately introducing to the world our region's achievement made over the past 50 years or so and using vivid facts to prove that the CPC has achieved a great success in implementing the policies on nationalities and religions are the region's external propaganda work priorities in 1996 and 1997. Thus, at the time of further upgrading the understanding about the importance of the

external propaganda work and enhancing the awareness of the external propaganda, leaders at various levels as well as the broad masses of propaganda workers should give full play to their existing functions to upgrade the overall quality of the external propaganda work.

Wang Fengqi, vice chairman of the regional people's government, made a summing-up speech at the conference. Liu Xiaowang, vice chairman of the regional people's congress standing committee; and Wu Lunsai, vice chairman of the regional committee of the Chinese People's Political Consultative Conference, were also present at the conference.

PRC: Shanxi Releases 1995 Statistical Communique
SK2803013696 *Taiyuan SHANXI RIBAO* in Chinese
21 Feb 96 p 3

[Statistical communique issued by the Shanxi Provincial Statistical Bureau on Shanxi Province's 1995 economic and social development on 15 February; place not given]

[FBIS Translated Text] Under the correct leadership of the provincial party committee and government in 1995, people throughout Shanxi Province held high the banner of reform and opening up and the banner of arduous struggle, concentrated efforts on the "four major campaigns" [curbing inflation, strengthening the foundation for agriculture, revitalizing industry, and increasing revenue], and made utmost efforts to carry out the "five-increase project" [to increase the GDP to 100 billion yuan, township enterprises' business income to 100 billion yuan, grain output to 10 billion kg, peasants' per capita net income to 1,000 yuan, and local disposable financial resources to 10 billion yuan], thus facilitating economic and social development in an all-round manner. The past year saw the most notable achievements in macro-control and the best economic situation in recent years. According to initial statistics, Shanxi's annual GDP totaled 108.89 billion yuan, up 11.4 percent from the preceding year. In other words, the value added by the primary industry came to 14.90 billion yuan, up 3.9 percent; that by the secondary industry 56.37 billion yuan, up 14.7 percent; and that by the tertiary industry 37.62 billion yuan, up 9.4 percent. Major problems in economic development lied in inflation, which remained rather high; in the pattern and efficiency of economic growth, which had yet to be improved; in the production and business of some enterprises, which remained rather difficult; and in agriculture, which had a weak foundation and still faced many unfavorable factors.

1. Agriculture

Shanxi attached more importance to and strengthened agriculture in 1995. In the "five-increase project" defined by the provincial party committee and government, three increases were related to agriculture. In the past year, Shanxi regarded dry-land farming, water-efficient farming, and large-scale farmland water conservancy facilities as strategic measures for enhancing the sustained capacity for agricultural development. Measures suitable to specific local conditions were adopted, the overall planning was made, policy guidance and incentives were given to mobilize the people throughout the province to achieve stable and healthy development in the rural economy despite serious disasters. The annual grain output was the third highest in our history; township enterprises, whose business income exceeded the target by 12.8 percent, became a major channel through which the rural economic development was promoted and peasants' income was increased; and peasants' per capita net income surpassed the target by 20.8 percent, marking one of the largest annual increase in peasants' income. Shanxi's value added by agriculture totaled 14.90 billion yuan in 1995, an increase of 20.3 percent over the preceding year, or an increase of 3.9 percent in terms of comparable prices; and it accounted for 13.7 percent of GDP.

A fairly good harvest was won despite disasters. Drought, waterlogging, insect pests, frost, and hail storms seriously affected Shanxi's agricultural production in 1995. Under the leadership of party committees and governments at all levels, we adopted numerous measures to combat disasters and provide disaster relief, thus effectively reducing the losses and maintaining stable agricultural production. According to the data provided by sample surveys, Shanxi's annual grain output—the third highest in our history—totaled 9.17 billion kg, an increase of 270 million kg, or 3 percent, over the preceding year. In the total, summer grain output stood at 2.76 billion kg, down 280 million kg, or 9.3 percent, from the preceding year; and autumn grain output stood at 6.41 billion kg, up 550 million kg, or 9.4 percent. Cotton output totaled 90.82 million kg, up 7.1 percent, or 6.01 million kg, from the preceding year. Vegetable output also showed a substantial increase. The output of oil-bearing seeds, beets, and flax declined.

The output of major farm products is listed as follows:

	1995	Percentage Increase Over 1994
Grain	9.171 million tonnes	3.0
Of which: cereals	8.162 million tonnes	7.5
Oil-bearing seeds	223,000 tonnes	-49.2
Cotton	91,000 tonnes	7.1
Flax	2,155 tonnes	-29.9
Flue-cured tobacco	10,347 tonnes	-5.7
Beets	397,000 tonnes	-43.0
Vegetables	5.429 million tonnes	9.8
Fruits	1.026 million tonnes	18.3

Noticeable achievements were made in afforestation. Statistics showed that 405,200 hectares were afforested, an increase of 35.1 percent over 1994; and 171,400 hectares of economic forests were developed, up 52.3 percent. Newly completed forestry projects in 1995 were Datong and Shuoxian bases for production of "three pine products," dried fruit production bases on Luliang Shan and along both sides of Huang He, the ecological and economic shelter belt project along Xinshui He valley, the green engineering experimental project on Taihang Shan (involving 14 counties and districts,) and five forestry capital construction projects each occupying 1 million mu. Fifteen counties (cities and districts) attained the greenery targets. They were Pinglu, Hongdong, Youyu, Lucheng, Tunliu, Linyi, Wanrong, Yangcheng, Zuoyun, Changzhi County, Jincheng city's suburbs, Changzhi city's suburbs and outskirts, Qingxu, and Jiexiu.

Animal husbandry developed rapidly. The number of animals kept in stock rose, more animals were slaughtered, and the output of meat, poultry, egg, and dairy products rose comprehensively.

Output of major animal products and livestock is as follows:

	1995	Percentage Increase Over 1994
Meat	610,000 tonnes	21.1
Of this:		
Pork, beef, and mutton	561,000 tonnes	21.8
Poultry	34,000 tonnes	18.3
Milk	260,000 tonnes	9.9
Sheep wool	7,357 tonnes	10.5
Hogs slaughtered	5.694 million head	23.3
Hogs in stock (year-end figure)	5.61 million head	16.3
Sheep and goats in stock	9.15 million head	13.7
Large animals in stock	3.586 million head	12.6

Fishery industry steadily developed. In 1995, the province continuously paid firm attention to the development of the intensive breeding, thus further promoting the breeding of fishes in "small nets." The province turned out 18,000 tonnes of aquatic products in the whole year, up 11.5 percent over 1994.

Agricultural production was continuously modernized, and conditions for agricultural production further improved. By the end of 1995, the aggregate power of the province's farm machinery was 13.153 million kilowatts, up 1.3 percent over 1994. There were 24,000 large- and medium-sized tractors, a drop of 10.1 percent; 202,000 small tractors, a drop of 5.8 percent; and 52,000 trucks for farm use, up 4.5 percent. A total of 771,000 tonnes of chemical fertilizers (100 percent effective content equivalent) were applied, up 7.9 percent. Rural consumption of electricity was 4.61 billion kilowatt hours (kwh), up 11.1 percent. Irrigation and water conservancy facilities in rural areas were further reinforced, resulting in an increase of 144,000 hectares of irrigated areas, up 18.9 percent over 1994.

Town and township enterprises continued to develop rapidly. According to the statistics compiled by the department for management of town and township enterprises, in 1995, the output value realized by town and township enterprises totaled 143.6 billion yuan, up

39.5 percent; and their incomes reached 117.26 billion yuan, up 34.8 percent.

In 1995, our province paid attention to and strengthened agriculture and the rural work. However, agriculture's role as the foundation of the national economy was not stable. Major indicators were: Agricultural infrastructure facilities were weak. The province was still poor in combating natural resources, cultivated areas were reduced, prices of agricultural capital goods remained high, the agricultural ecological environment was getting worse, and the peasants in some localities still took on heavy burdens. So, realistically strengthening agriculture's role as the foundation of the national economy is still an economic task of primary importance.

2. Industry and Building Industry

A sustained and rapid increase was seen in industrial production. In 1995, the province exerted efforts to adjust the structure, increase efficiency, and cultivate new economic growing points. During the year, 289 technological transformation projects were arranged, of which, 116 were put into operation. The value added by these projects during the year might reach 3.15 billion yuan, and profits and taxes 840 million yuan. The Shanxi cement plant, the coking oven of Linfen Steel Plant, the first-phase construction of Liulin power plant, and a number of production items were completed and commissioned. Meanwhile, all localities across the province further accelerated the establishment of the modern enterprise system, and further strengthened the vitality of industrial enterprises. The value added by industrial enterprises exercising independent accounting across the province totalled 35.38 billion yuan, up 12.6 percent over the previous year. The output value of industrial enterprises at and above the township level across the province totalled 108.1 billion yuan, up 14.2 percent over the previous year. Of this figure, the output value of the light industry was 19.56 billion yuan, up 12.6 percent; that of heavy industry, 88.54 billion yuan, up 14.6 percent. The province's total industrial output value reached 182.76 billion yuan, up 23.1 percent over the previous year.

Output value of major industrial products is as follows:

	1995	Percentage Increase Over 1994
Raw coal	339.725 million tonnes	4.4
Dressed coal	40.155 million tonnes	18.0

	1995	Percentage Increase Over 1994
Coke (by machine)	12.041 million tonnes	26.2
Power output	49.56 billion kwh	10.7
Iron ores	34.46 million tonnes	25.6
Pig iron	14.053 million tonnes	4.5
Steel	3.377 million tonnes	3.0
Rolled steel	2.060 million tonnes	17.3
Alumina	666,000 tonnes	51.9
Cement	11.493 million tonnes	14.6
Plate glass	2.312 million weight cases	40.5
Timber	137,000 cubic meters	-4.4
Sulphuric acid	558,000 tonnes	18.9
Caustic soda	107,000 tonnes	17.2
Soda ash	9,367 tonnes	-63.7
Chemical fertilizers (100 percent effective content equivalent)	1.089 million tonnes	28.7
Yarn	70,000 tonnes	-1.4
Cloth	330 million meters	-1.1
Machine-made paper and paperboards	463,000 tonnes	30.0
Sugar	129,000 tonnes	60.5
Beer	118,000 tonnes	10.3
White wine	122,000 tonnes	0.3
Cigarettes	245,000 cartons	32.0
Synthetic detergent	134,000 tonnes	39.7
Household washing machines	297,000	-13.2

Industrial production and marketing were coordinated and the growth of profits and taxes was quite rapid. In 1995, the higher and the lower levels across the province always upheld the principle of giving priority to efficiency, paid close attention to the internal management

of enterprises and management of product quality, especially the work of ending deficits and increasing profits of 100 money-losing enterprises, and at the same time, further strengthened the management of production, transport, and marketing of coal and cokes, resolutely implemented the "three never policy," and gave impetus to withdrawing money from circulation and clearing debts. The sales value of industrial enterprises at and above the township level across the province totalled 106.08 billion yuan, up 15.8 percent, and the product production and marketing rate of industrial enterprises was 98.1 percent, the best record in recent years. The deficit range of industrial enterprises exercising independent accounting at and above the township level across the province dropped by 5 percentage points from the previous year, and their profits and taxes reached 12.01 billion yuan, up 17 percent over the previous year. However, the situation of stockpiled industrial goods and mutual default of payments remained very serious and the overall economic efficiency index remained quite low. In 1995, the overall economic efficiency index of industrial enterprises exercising independent accounting at and above the township levels across the province was 86.3 percent, a decline from the previous year. The task of further enhancing the overall overall economic efficiency level of the province's industry remained very arduous.

Construction industry developed in a sustained and stable manner. The added value of the construction enterprises of various ownerships at and above the county level throughout the province totaled 4.84 billion yuan, up 24.6 percent from the preceding year. State-owned construction enterprises undertook the construction of 11.257 million square meters of houses, an increase of 12.4 percent; and completed 3.90 million square meters, an increase of 12.7 percent. Per capita productivity calculated based on added value came to 12,770 yuan, up 25.6 percent from the preceding year; and per capita profits and taxes 1,421 yuan, up 24.5 percent.

New achievements were made in geological prospecting. Geology and mineral resources departments throughout the province completed 48,626 meters of drilling in the year and verified the reserves of three mineral resources.

3. Investment in Fixed Assets

In 1995, 29.58 billion yuan were invested in fixed assets in Shanxi, up 1.7 percent from the preceding year. Of the total, 22.61 billion yuan was invested by state-owned units, down 0.3 percent; 2.36 billion yuan by collective units, up 11 percent; and 3.171 billion yuan by urban and rural individuals, up 3.9 percent. Central investment totaled 9.39 billion yuan,

down 21 percent; and local investment 20.19 billion yuan, up 18.0 percent. In the whole province, investment in capital construction was 14.90 billion yuan, up 0.9 percent; that in equipment renewal and technical transformation 6.52 billion yuan, up 10.9 percent; that in real estate 1.51 billion yuan, down 5.7 percent; and that in other sectors made by state-owned enterprises 766 million yuan, down 28.5 percent. A total of 1,941 capital construction, equipment renewal, and technical transformation projects each with an investment of more than 50,000 yuan were started in the year, showing an increase of 286 over the preceding year. Projects completed and commissioned in the year totaled 1,834, resulting in a project completion rate of 52.7 percent, an increase in fixed assets worth 15.56 billion yuan, and a project commission rate of 72.6 percent. Shanxi's economic structure featuring lop-sided emphasis on heavy industry, which was led by the energy industry, and extensive way of management decided on its investment-oriented economic development. Therefore, maintaining an appropriate investment scale had a very important significance in ensuring Shanxi's sustained economic growth and in facilitating the changes in the economic structure and the economic growth pattern.

The investment pattern was improved continuously. In the annual investment in fixed assets made by the state-owned units throughout the province, 85 million yuan went to the primary industry, down 15 percent from the preceding year, and its proportion rose from 0.3 percent to 0.4 percent. A total of 9.94 billion yuan went to the secondary industry, down 12.8 percent, and its proportion declined from 50.5 percent to 45.8 percent. Of this, energy and raw material industries used up 10.77 billion yuan [as published], down 13.7 percent, and the proportion rose from 41.9 percent to 49.8 percent. A total of 9.88 billion yuan went to the tertiary industry, up 8.3 percent, and its proportion rose from 40.2 percent to 45.3 percent. Of this, transportation, post, and telecommunication used up 6.87 billion yuan, up 13.9 percent, and the proportion rose from 26.8 percent to 31.8 percent.

Construction of key projects made headway. In 1995, the 26 key projects in the province used up 6.67 billion yuan of investment, accounting for 88.3 percent of the annual quota. Of the total, 3.47 billion yuan went to the 10 state key projects, and 3.2 billion yuan to the 16 local key projects. The east and west sections of the Taiyuan-Jiuguan Expressway, the key Wusu overpass project, the Beijing-Taiyuan-Xian optical fiber project, and other projects were completed and commissioned. The Wanjiachai second-phase right-side Huang He water diversion project began damming up the river at the end of the year, and the Yangcheng Power

Plant made progress in investment and money-lending negotiations and invitation of tenders for equipment.

Capital construction completed in 1995 increased the coal mining capacity by 8.39 million tonnes; power generators' capacity by 100,000 kilowatts; power transmission lines (110,000 volts or more) by 275 km; power transformer capacity (110,000 volts or more) by 870,000 kilovolt-ampere; new highways by 275 km; rebuilt highways by 359 km; new highway bridges by five, totaling 694 meters; local automatic telephone switchboards by 66,000 lines; long-distance cables by 1,756 km; long-distance automatic telephone switchboards by 15,330 terminals, and per-day urban water supply by 60,000 tonnes.

4. Energy

New progress was made in the construction, production, processing and conversion of energy. In 1995, the province conscientiously implemented a series of macroeconomic management measures for coal and coke, which were issued by the provincial government; resolutely implemented the "three never" policies; noticeably improved the transportation and marketing order; and further improved the efficiency of the energy industry. During the year, state-owned units across the province invested 7 billion yuan in the energy industry. Of this figure, the investment in the coal energy reached 4.59 billion yuan, up 10.1 percent over the previous year. The investment in the power industry was 2.29 billion yuan. The newly added capacity during the year included 10.57 million tonnes of coal and 110,000 kw of power generating equipment. In the energy industry, new progress was made in implementing the strategy of delivering coal and electricity; the conversion and intensive processing of raw coal were strengthened and the growth rate of secondary energy production was noticeably accelerated. In 1995, the production of primary energy across the province was 290 million tonnes of standard coal, up 4.1 percent over the previous year; and that of secondary energy was 110 million tonnes of standard coal, up 25.1 percent.

The volume of energy transmission to other localities was basically stable. During the year, the province delivered 224 million tonnes of coal to other places, which was basically the same as the previous year. The coal delivery accounted for 66 percent of the total coal output. Of this figure, 16.09 million tonnes of coal were exported to foreign countries, up 1.6 percent. During the year, the province transmitted 12.4 billion kwh of electricity to other provinces, accounting for 25 percent of the total power output.

5. Communications, Transport, Post and Telecommunications

Communications and transportation steadily developed. As of the end of 1995, the province's total length of railways in operation reached 2,671 km, of which, 340 km were local railways; that of roads, 33,644 km, of which, 94 km were expressways, 130 km were first-grade roads, and 4,079 were second-grade roads; the provincial capital of Taiyuan had 18 air routes connecting more than 30 cities across the country. The province's freight transport volume by various means of transportation during the year reached 659.62 million tonnes, up 5.4 percent over the previous year. Of this figure, the volume of railway freight transport was 260.95 million tonnes, up 1.5 percent, and that of highway freight transport, 397.76 million tonnes, up 8.1 percent.

The volume of transportation is as follows:

	1995	Percentage Increase Over 1994
Rotation volume of goods transport	71.81 billion tonnes/km	2.4
Railway	53.64 billion tonnes/km	0.4
Highway	18.16 billion tonnes/km	8.8
Airway	90 million tonnes/km	-15.7
Rotation volume of passenger transport	17.51 billion people/km	2.4
Railway	8.07 billion people/km	-4.7
Highway	8.61 billion people/km	6.1
Airway	830 million people/km	59.3

The operational efficiency was further enhanced. In 1995, the daily number of trains sent by the Datong and Linfen railway subbureaus rose by 0.8 percent and 0.2 percent, respectively, over the previous year, and their income earned from railway transport increased by 0.6 percent and 2.1 percent respectively. The daily number of trains sent by the Taiyuan railway subbureau dropped by 0.19 percent from the previous year; however, the income earned from transportation rose by 7.8 percent.

Rural communications conditions were further enhanced to some extent. By the end of the year, all townships across the province were linked by highways and all villages were accessible by cars, of which 59.4 percent of the roads in townships and towns were asphalt roads.

Postal and telecommunications undertakings developed rapidly. The volume of postal and communications business during the year totalled 1.38 billion yuan, up 50.3 percent. There were 210,000 new telephone subscribers in urban and rural areas, and by the end of 1995, the number of telephone subscribers across the province reached 637,000. The total capacity of telephone switchboards for bureau use reached 25,000 channels; and that for telephone subscribers, 393,000 channels, of which 173,000 were program controlled telephone lines. The proportion of program-controlled telephones reached 44 percent. Radio calls and mobile telephone service grew by a large margin. Postal and telecommunications networks further developed. During the year, we increased new postal routes totalling 5,033 km in length and increased 60 postal and telecommunications bureaus.

6. Wholesale and Retail Trades and Market Prices

Markets for consumer goods were flourishing. In 1995, both urban and rural markets were brisk and had an ample supply of commodities. The retail sales value of consumer goods totaled 37.59 billion yuan, an increase of 21.8 percent. When factors for price hikes were deducted, the real increase was 5.4 percent. Of this, the value of retail sales by cities was 31.31 billion yuan, up 22.8 percent; that by counties was 8.61 billion yuan, up 15.1 percent; and that by the units at or below the county level was 7.67 billion yuan, up 27.6 percent. Of the total retail sales value, the value of retail sales of state-owned units totaled 13.02 billion yuan, up 23.5 percent; and that of nonstate-owned units totaled 24.57 billion yuan, up 21 percent.

Markets for means of production were stable. Supply enterprises at or above the county level purchased 7 billion yuan worth of capital goods, up 19.9 percent; and their sales volume totaled 7.4 billion yuan, up 23.4 percent. However, the prices of capital goods remained high.

Price hikes were brought under control. The margin of rise in goods prices was basically controlled within the targets. In 1995, our province took the inflation control as an important task for promoting the "four major campaigns" and made noticeable achievements. The general index of the retail prices rose by 15.6 percent and was basically controlled within a 15-percent-increase target. However, the margin of rise in goods prices was still high. Pressure upon price

hikes still existed, and tasks for price control were still arduous.

The price index in 1995 are as follows: (the 1994 figure was 100)

	1995
1. General index for residents' consumption prices	116.9
Of this: Urban areas	116.7
Rural areas	117.2
2. General index for retail sales of commodities	115.6
Of this: Food	126
Grain	141.1
Vegetable oil	120.5
Poultry and egg	124.6
Fresh vegetable	123
Clothing, shoes, hat	113.5
Textile product	114.9
Daily necessities	108.9
Cultural and sports articles	108.5
Books, newspapers, and magazines	116.8
Traditional Chinese and Western medicines	109.3
Building and decoration materials	107.4
Fuels	110.1
3. General index for service prices	116.3
4. General index for producers' prices of manufactured products	113.5
5. General index for retail prices of agricultural capital goods	129.3
6. General index for purchasing prices of farm and sideline products	127.2
7. General index for prices of fixed assets	106.8

7. Foreign Economic Relations

Foreign trade developed rapidly. The total value of exports came to \$1.16 billion, up 44 percent over 1994; and the total value of imports came to \$210 million, up 20.1 percent. The province exported its goods to 103 foreign countries and regions.

The amounts of foreign capital actually used continued to increase. Foreign capital actually used during the year came to \$320 million, up 19.6 percent. Of this, funds directly invested by foreign traders totaled \$63.85 million, up 101.4 percent. Contracts on establishing three types of 178 new foreign-funded enterprises were approved. By the end of the year, 1,364 foreign-funded enterprises registered with the province, an increase of 173.

Relatively big progress was made in economic and technological cooperation with foreign countries and regions. In 1995, the signed contracts on overseas construction projects and labor cooperation projects valued at \$15.37 million, up 55.4 percent over 1994; and the completed business volume was \$7.28 million, up 112.9 percent.

Good results were achieved in international tourism. In 1995, the province received 71,000 foreigners, overseas Chinese, and Chinese compatriots from Taiwan, Hong Kong, and Macao for sightseeing, visits, business, or other activities, up 34.1 percent over 1994. Foreign exchange revenue from tourism amounted to \$20.616 million, up 57.3 percent.

8. Finance, Banking, and Insurance

Financial revenues increased by a large margin, and the financial situation was basically normal. In 1995, the provincial party committee and the provincial government made great efforts to increase financial revenues by regarding it as an important task of the "four major campaigns," and made continued efforts to strengthen the collection and management of tax revenues. In addition, the smooth implementation of the revenue-sharing system effectively brought about an increase in financial revenues. In 1995, the province's financial revenues totaled 12.83 billion yuan, up 29.1 percent over 1994. The province's financial resources available for localities amounted to 10.32 billion yuan, exceeding the predetermined fighting goal of 10 billion yuan. The province's local financial revenues totaled 7.14 billion yuan, up 33.1 percent. Of this, revenues from the industrial and commercial tax were 5.18 billion yuan, up 24.0 percent. The province's expenditures that were actually executed totaled 11.39 billion yuan, up 27.0 percent. Of this, expenditures on capital construction, on cultural, educational, and public health undertakings, and on admin-

istrative undertakings increased by 37.6 percent, 12.7 percent, and 15.2 percent, respectively. A basic balance was achieved between revenue and expenditure, and the passive situation in which the province had sustained financial deficits for 10 years in succession was reversed for the first time.

Banking situation was stable, savings deposits increased, and the structure of loans improved further. At the end of 1995, savings deposits in various forms at province's banking institutions amounted to 128.83 billion yuan, an increase of 30.69 billion yuan, or 31.1 percent, over the figure at the end of 1994. Of the total, savings deposits of enterprises amounted to 28.33 billion yuan, an increase of 5.78 billion yuan, or 25.6 percent. At the end of 1995, banks in the province issued 122.31 billion yuan worth of loans, an increase of 19.19 billion yuan, or 18.6 percent, over the figure at the end of 1994. Of the total, the short-term loans amounted to 77.44 billion yuan, up 18.7 percent; and the medium- and long-term loans amounted to 32.11 billion yuan, up 18.8 percent. In 1995, the cash income of banks amounted to 150.32 billion yuan, up 43.3 percent, and the cash expenditure amounted to 163.75 billion yuan, up 38.3 percent. The accounts show a net supply of 13.43 billion yuan in cash, a drop of 0.8 percent.

Insurance service developed further. In 1995, total assets of various insurance properties reached 152.5 billion yuan, up 12.2 percent over 1994, and the premiums for various kinds of property insurance totaled 1.04 billion yuan, up 17.6 percent. By the end of 1995, a total of 7,197 enterprises in the province participated in enterprise property insurance programs, 616,000 households participated in household property insurance programs, and 4,822 persons participated in life insurance programs. Insurance companies in the province handled 119,000 cases of claims of property loss and paid an indemnity of 510 million yuan for settled cases. Another 270 million yuan was paid as reparations in life insurance programs.

9. Science, Education, Culture, Public Health, and Sports

Closely around the general strategic goal on the province's economic development, through the implementation of the five major projects on "invigorating Shanxi through science and technology," the province's scientific and technological work was devoted to vigorously translating scientific and technological achievements into productive forces and to accelerating the pace of combining scientific and technological progress with economic development. As a result, the comprehensive economic strength of the province was

enhanced, and the momentum for further economic development increased.

The contingents of scientific and technical personnel were expanded. By the end of 1995, state-owned enterprises and institutions throughout Shanxi (excluding central units stationed in Shanxi) had 556,000 full-time technical personnel. For the eight contingents in the scientific and technological fields, 150 persons were selected and assigned to the contingent to scale the heights; 300 to the contingent for applied science research and development; 100 to the contingent of spark entrepreneurs; 100 to the contingent of scientific and technical entrepreneurs; 200 to the contingent for technology brokerage; 100 to the contingent for scientific and technological macro-control; 100 to contingent for export-oriented science and technology; and 50 to the contingent for software science. By the end of the year, provincial government departments had 263 affiliated state-owned independent research and development institutions at and above the county level.

New progress was made in gearing science and technology to the needs of economic construction. In 1995, Shanxi started building and improving 11 intermediary scientific research experiment bases, of which seven were completed and commissioned and began to yield good results. Certain progress was also achieved in establishing the two high- and new-tech industrial groups. In the whole year, 21 projects in the industrial field and 23 in the agricultural field were completed to tackle crucial scientific and technical difficulties. Shanxi planned to develop 360 new products in 1995, and completed development of 275, which produced 620 million yuan in output value and 70 million yuan in profits and taxes. It received 917 patent applications in the year, and approved 569. Four hundred and ninety-three technology contracts worth 184.541 million yuan were signed through technology markets across the province, and the completed transactions totaled 12.187 million yuan. Construction of scientific and technological development zones developed steadily. The Taiyuan High-Tech Industrial Development Zone and the Changzhi High-Tech Industrial Development Zone had 285 high-tech enterprises. Of the total, 203 employing 13,000 persons were established in the Taiyuan High-Tech Development Zone, and they produced 400 high-tech products and earned 760 million yuan from technological development, manufacturing, and trade.

Quality inspection and standardization and weather forecast service further improved. Quality inspection centers (stations) established by state standardization departments of the province as well as prefectures and counties totaled 103; those established by various trades with the authorization of the province and various prefec-

tures totaled 35 and 6, respectively. Shanxi also had 116 weather stations and 61 weather warning service stations serving 5,158 customers. Fairly accurate weather forecast made positive contributions to industrial and agricultural production, the construction of energy and heavy chemical industrial bases, and the safety of people's property.

Education made new headway. Higher educational institutes throughout the province (including those affiliated to ministries and commissions) recruited 524 graduate students, an increase of 117 over the preceding year; and their total number of graduate students was 1,336, an increase of 255. Regular higher educational institutes recruited 20,926 students for regular and special courses, an increase of 5.0 percent; and their total number of students was 67,420, an increase of 1,003. Secondary vocational and technical schools continued to develop. They had 236,000 students in 1995 (including 51,000 students at skilled workers' schools), accounting for 55.4 percent of the total students at the senior high school level, which stood at 426,000. The nine-year compulsory education was made more universal. Shanxi's junior high schools had 1.319 million students and elementary schools had 3.27 million students. The school attendance rate of school-age children was 99.3 percent; and the higher school attendance rate of elementary school graduates rose from 85.3 percent in the preceding year to 89.3 percent. Ordinary junior high schools and elementary schools saw a dropout rate of 2.4 percent and 1 percent, respectively. Higher education for adults developed rapidly and various forms of technical trainings were vigorously carried out. In 1995, higher educational schools for adults across the province had an enrollment of 20,000 undergraduates and students attending special courses (including students enrolled at radio universities, correspondence schools, and evening universities), which was basically the same as the figure of the previous year; the number of students in schools reached 52,000, an increase of 15.6 percent; the student body of secondary and vocational schools for adults totalled 43,000 people, an increase of 9,000 people; technical training schools for adults trained 1.983 million people; the student body of primary and middle schools for adults reached 258,000 people; the illiteracy rate was 2 percent in 1995, a decline of 1.72 percentage points from 1990.

Cultural undertakings became more brisk. By the end of the year, the province had 162 art performing troupes, 118 cultural halls, 119 public libraries, 62 museums, 130 archives, 53 radio stations, 21 medium- and short-wave radio transmission and relay stations, 31 TV stations, and 46 TV transmission and relay stations each with a capacity of over 1,000 watts. The radio coverage

rate was 68 percent and the TV coverage rate was 84.1 percent. During the year, provincial-level units shot 12 TV dramas with 80 episodes and released one film. The province published 592.54 million copies of provincial and local newspapers, 35.86 copies of magazines of various descriptions, and 139.19 million copies of textbooks. In 1995, the province won six prizes at the national appraisal for "five good projects" on spiritual civilization construction. Medical and health care conditions improved continuously. By the end of 1995, the number of hospital beds in the province stood at 102,000, which was basically the same as the figure of the previous year. Professional health workers reached 142,000 in number, an increase of 1.4 percent. Of this figure, 49,000 people were doctors (including doctors of Chinese and Western medicines), an increase of 4.3 percent; 35,000 were senior nurses and nurses, an increase of 6.1 percent, of whom, 3,100 were hospital nurses, an increase of 14.8 percent. By the end of 1995, the reported incidence rate of infectious disease was 135.36 per 10,000, a decline of 4 percent from the previous year; the death rate was 0.1 per 10,000, a decline of 80 percent from the previous year.

New progress was made in sports undertakings. In 1995, provincial athletes captured 21 gold medals, 24 silver medals, and 21 bronze medals in major domestic and international competitions; five persons broke two national records on two occasions and 84 persons broke 60 provincial records on 89 occasions. All forms of mass sports trainings and health exercise further increased to some extent.

10. Population and People's Living

Positive success was seen in the family planning work. In 1995, the birth rate declined. Based on a 1 percent population sample survey, in 1995, the province's birth rate was 16.6 per thousand, the death rate was 6.12 per thousand, the natural population growth rate was 10.48 per thousand, a decline of 0.28 percentage points from the previous year. Thus, we fulfilled the population control target. The total population of the province reached 30.773 million by the end of the year, an increase of 320,000 people over the previous year.

The income of residents rapidly increased. In 1995, the average per capita income for living expenses of urban residents across the province reached 2,927 yuan, up 30.3 percent over the previous year, or an actual increase of 11.7 percent if inflation factors were excluded; the average per capita net income of rural residents reached 1208.3 yuan, up 36.7 percent over the previous year, or an actual increase of 7.8 percent if inflation factors were excluded.

The labor and employment work steadily developed. The number of employment agencies rose to 2,047, and 76,000 people were given jobs in urban areas. By the end of the year, urban areas had 4.634 million staff members and workers, a drop of 26,000 from the previous year. Some 344,000 people were employed by urban private businesses and self-employed, an increase of 79,000 people.

New headway was made in reform of the social insurance system. Some 1.87 million enterprise staff members and workers took part in the unemployment insurance, 1.787 million staff members and workers participated in the basic old-age insurance, and 377,000 retired personnel were insured by the social unified insurance services. All levels of labor departments allocated unemployment relief funds to 15,000 unemployed workers, and 13,000 workers were reemployed.

The staff and workers' wage level was further upgraded. The total wage bills of staff and workers reached 21.03 billion yuan, up 14.9 percent; and the average wages of staff and workers reached 4,526.5 yuan, up 13.3 percent.

Urban and rural residents' savings deposits continued to rise. The urban and rural residents' year-end savings deposits reached 84.45 billion yuan, a net increase of 22.85 billion yuan or 37.1 percent over the figure at the beginning of the year. The residents continued to upgrade their awareness of banking services, and it was visible that people who bought stocks, bonds, and securities were on the increase.

Urban and rural housing conditions continued to improve. In 1995, 4.885 million square meters of houses were newly built in the urban areas, and 4.07 million square meters of houses in the rural areas.

Social welfare undertakings continued to develop. In 1995, there were 1,374 social welfare institutions of various types in urban and rural areas of the province, with 17,276 beds and 10,130 occupants. A total of 26,084 persons from five-guarantee households were supported by rural social welfare institutions. Relief funds were allocated to 3,274,428 persons in the province. Twelve percent of the province's towns and townships established rural social security systems while faster headway was made in the urban social service system. A total of 970 social service facilities of various types were established in the urban areas.

The province further paid attention to and developed the environmental protection undertakings. The environmental protection front had an employment of 4,618; 106 environmental monitoring stations; and 1,820 environmental monitors. The province had 11 nature reserves, occupying an area of 10,816 hectares, including

2 state-level nature reserves. A total of 205 environmental pollution control projects were completed during the year with an investment of 216.68 million yuan. Sixty-five dust control zones, occupying an area of 258 square km, were built; and nine zones attaining the noise control targets, covering an area of 26 square km, were built.

Note:

- 1) All figures in this communique are preliminary.
- 2) Value of the GDP, various added values, and output values quoted in this communique are at current prices, whereas growth rates are at comparable prices.

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[FBIS Translated Text] Under the leadership of the provincial party committee and government and closely in line with the CPC Central Committee's general policy of "grasping favorable opportunities to deepen reform, open the country wider, promote development, and maintain stability," in 1995, all people of the province implemented in depth the general idea—which was defined by the provincial party committee—for economic development and the strategic policy for building an agriculturally powerful province; emancipated the mind; deepened reform; united as one; and worked arduously so that the province reversed the trend of slump, and a fast economic development trend surfaced. Urban and rural people continued to improve their livelihood. Science, education, culture, public health, and sports undertakings further developed. Preliminary statistics showed that the province's GDP came to 202 billion yuan, up 9.5 percent over 1994. Of this, the value added by the primary, secondary, and tertiary industries increased by 7.5 percent, 10.6 percent, and 9 percent, respectively; and their shares in the GDP were 19.3 percent, 53 percent, and 27.7 percent, respectively. Fast headway was made in economic sectors other than the state one, such as town and township enterprises, neighborhood-based enterprises, civilian-run scientific and technological enterprises, private and individual enterprises, and three types of foreign-funded enterprises. These economic sectors played a key role in promoting the development of the entire economy. The value added by non-state sectors of the economy rose by 13.2 percent with their share in the GDP rising from 40.6 percent in 1994

to 42 percent, and 58 percent of the economic growth rate was contributed by these economic sectors. Major problems in the economic operation were that the foundation for improving the macroeconomy had not been stable yet, some state-owned enterprises still had difficulties in production and management, economic results were not high, and the economic development environment should further improve.

1. Agriculture

In 1995, various natural disasters hit our province. The province as a whole conscientiously implemented the provincial party committee and government's policy measures for developing agriculture, made efforts to increase material and scientific and technological input in agriculture, persistently combated the disasters to capture bumper harvests, and comprehensively developed the rural economy. The province's total agricultural output value came to 67.13 billion yuan, up 8.9 percent; and the value added by agriculture totaled 39 billion yuan, up 7.5 percent.

In 1995, the rural areas took markets as an orientation and positively developed high-yielding, high-efficiency, and good-quality agriculture. The province's areas sown with grain reached 7.5 million hectares, equal to the 1994 figure. The grain output totaled 25.925 million tonnes, up 138,000 tonnes and setting a historical high. The output of major cash crops rose. After reversing the trend of declines in the past two years, the province witnessed increases in the output of flax, beets, and tobacco by 47.5 percent, 55.1 percent, and 13.7 percent, respectively.

Output of major farm products is as follows:

	1995	Percentage Increase Over 1994
Grain	25.925 million tonnes	0.5
Of this:		
Paddy rice	4.699 million tonnes	14.5
Wheat	2.934 million tonnes	6.6
Corn	12.191 million tonnes	6.3
Chinese sorghum	479,000 tonnes	-44.6
Soybeans	4.388 million tonnes	-14.6

	1995	Percentage Increase Over 1994
Potatoes	815,000 tonnes	9.2
Oil-bearing crops	201,000 tonnes	28.8
Flax	320,000 tonnes	47.5
Beets	5.008 million tonnes	55.2
Tobacco	101,000 tonnes	13.7
Vegetables	8.836 million tonnes	30
Fruits	127,000 tonnes	28.8

The production and construction of forestry and the afforestation work made new headway. Heilongjiang's 1995 value added by forestry came to 730 million yuan, up 4.4 percent from the preceding year; and afforested areas totaled 290,000 hectares, up 16.3 percent. The quality of afforestation was upgraded, forest fire prevention was strengthened, and forest coverage rate increased.

Animal husbandry developed still faster. The annual value added by animal husbandry stood at 6.7 billion yuan, up 19.7 percent from the preceding year.

Output of major animal by-products and the number of animals in stock are listed as follows:

	1995	Percentage Increase Over 1994
Meat	1.357 million tonnes	24.8
of which:		
pork	801,000 tonnes	22.2
beef	237,000 tonnes	31.7
mutton	27,000 tonnes	14.9
Poultry and eggs	789,000 tonnes	31.3
Milk	1.655 million tonnes	16.9
Sheep wool	16,000 tonnes	22.6
Pigs slaughtered	10.008 million	26.9
Poultry consumed	174 million	37.1

	1995	Percentage Increase Over 1994
Year-end number of large animals in stock	6.326 million	21.9
of which: cows	854,000	16.7
Year-end number of pigs in stock	11.403 million	25.4
Year-end number of sheep and goats in stock	4.946 million	23.7

Fisheries developed continuously. The annual value added by fisheries totaled 600 million yuan, up 9.2 percent from the preceding year. The output of aquatic products came to 253,000 tonnes, up 21.1 percent; of which 201,000 tonnes came from aquiculture, up 27.2 percent.

Conditions for agricultural production improved. The amount of chemical fertilizer applied in 1995 totaled 1.089 million tonnes (100 percent effective content equivalent), up 0.4 percent from the preceding year; and the rural electricity consumption totaled 2.35 billion kilowatt hours [kwh], up 2.2 percent. The year-end total power of farm machines was 12,261 million kilowatts, up 3 percent from the preceding year; the number of large- and medium-sized tractors 79,000, down 3.7 percent; that of small tractors 442,000, up 9.1 percent; the power of drainage and irrigation machines 1,355 million kilowatts, up 12 percent; the number of motor-driven threshers 82,000, up 1.2 percent; and the acreage of effectively irrigated land 1.095 million hectares, up 7.9 percent.

Development of nonagricultural trades was expedited in rural areas. According to the statistics of the provincial township enterprise bureau, the output value of Heilongjiang's township enterprises totaled 81 billion yuan, up 35 percent from the preceding year; their business income stood at 80 billion yuan, up 35.2 percent; and their profits and taxes came to 5.42 billion yuan, up 20.4 percent.

2. Industry and Construction

Following the rebound in the preceding year, industrial production continued to grow at a still faster pace, but its economic efficiency remained low. Industrial output value totaled 220.4 billion yuan, up 16.2 percent from the preceding year. In terms of ownership, state-owned enterprises created 148.34 billion yuan in output value, up 7.3 percent, thus changing the decline for two

consecutive years. Nonstate-owned enterprises created 72.06 billion yuan in output value, up 35.4 percent. The proportion of the output value of nonstate-owned enterprises in the total industrial output value rose from 28.1 percent in 1994 to 32.7 percent. Of the total output value of nonstate-owned enterprises, the output value of collective enterprises stood at 48.14 billion yuan, up 34.9 percent; that of urban and rural individual industrial sector 13.18 billion yuan, up 34 percent; and that of other sectors 10.74 billion yuan, up 38.9 percent. As far as collective industrial enterprises were concerned, the output value of township-run enterprises totaled 18.84 billion yuan, up 85.3 percent; and that of village-run enterprises 12.76 billion yuan, up 33.1 percent. The output value of large- and medium-sized enterprises came to 134.44 billion yuan, up 8.3 percent; and that of small enterprises 85.96 billion yuan, up 28.8 percent. The output value of heavy industry was 158.25 billion yuan, up 13.3 percent; and that of light industry 62.15 billion yuan, up 21.9 percent. The annual value added by industry totaled 96.1 billion yuan, up 11.1 percent.

Output of major industrial products is as follows:

	1995	Percentage Increase Over 1994
Chemical fibres	137,000 tonnes	12.2
Cloth	94.16 million meters	-20.4
Woolen fabrics	3.036 million meters	-30.7
Sugar	378,000 tonnes	85.4
White wine	296,000 tonnes	15.8
Beer	1.047 million tonnes	6.8
Cigarettes	789,000 cartons	0.1
Machine-made paper and paperboards	603,000 tonnes	22.7
TV sets	365,000	63.5
Color tv sets	357,000	68.4
Plastic products	105,000 tonnes	21.5
Output of primary energy (standard tonnes)	139,010,000 tonnes	0.9
Raw coal	78.221 million tonnes	2.4

	1995	Percentage Increase Over 1994
Crude oil	56,007 million tonnes	the same as 1994
Natural gas	2.29 billion cubic meters	-1.5
Gasoline	2,606 million tonnes	21.0
Diesel oil	3,739 million tonnes	20.0
Lubrication oil	279,000 tonnes	49.6
Power output	38.74 billion kwh	2.4
Steel	890,000 tonnes	-19.5
Rolled steel	45,000 tonnes	25.2
Timber	11,121 million cubic meters	-0.2
Cement	6,754 tonnes	-0.4
Plate glass	5,310 million weight boxes	-4.8
Sulfuric acid	89,000 tonnes	20.4
Soda ash	99,000 tonnes	65.0
Pure benzene	41,000 tonnes	32.6
Chemical fertilizer (100 percent effective content equivalent)	548,000 tonnes	-0.1
Synthetic ammonia	638,000 tonnes	5.1
Ethylene	310,000 tonnes	-0.1
tires	2,001 million pieces	4.2
Power equipment	3,241 million kw	-22.1
Metal cutting machine tools	1,585 pieces	-34.6
Cars	59,000	142.3
Internal-combustion engine	2,778 million kw	89.5
Small tractors	65,000	89.5

In 1995, the sales income of products of industrial enterprises at and above the township level exercising independent accounting (each with output value exceeding 1 million yuan) remained 148.98 billion yuan, up 22.1 percent over the previous year, and their profits and taxes reached 26.27 billion yuan, up 6.4 percent. The

comprehensive index of the province's industrial economic efficiency was 102.4, a decline of 4.3 percentage points from the previous year. The product sales rate of the six economic efficiency targets for appraisal was 94.7 percent, a decline of 0.7 percentage points; the profit-tax rate of funds was 12.3 percent, a decline of 0.6 percentage points; the cost-profit rate was 8 percent, a decline of 2.2 percentage points; the per capital labor productivity was 11,433 yuan, an increase of 6.9 percent; the turnover of working funds was 1.27 times, which was accelerated by 0.1 times; and the value added rate was 40.6 percent, a decline of 3.3 percentage points. Enterprises cut down their deficit and the deficit range dropped from 22.1 percent in the previous year to 21 percent. Enterprises' deficit volume reached 4.12 billion yuan, a decline of 6.6 percent from the previous years. However, much funds were tied up by finished products, and the mutual default of goods payments was still very serious.

Building industry developed steadily. In 1995, the added-value of the province's building industry was 11 billion yuan, up 6.7 percent over the previous year. State-owned building enterprises completed 5.169 million squares of houses, an increase of 2 percent over the previous year; the per capita labor productivity was 11,041 yuan, an increase of 13.5 percent over the previous year.

3. Investment in Fixed Assets

Under the environment of appropriately tightening the regulation and control over macroeconomy, the investment in fixed assets throughout the province in 1995 maintained a trend of steady increase, but the increase margin declined somewhat from that in 1994. The completed investment in fixed assets throughout the province in 1995 was 48.05 billion yuan, up 21.2 percent over 1994 figure, with its increase margin declining by 2.9 percentage points, of which, the investment in local projects was 25.48 billion yuan, up 24.8 percent. Of the total investment, the investment of state-owned units was 37.56 billion yuan, up 12.5 percent. In 1995, the province undertook a total of 3,244 capital construction and technological innovation and transformation projects, each with an investment of more than 50,000 yuan, four projects more than the figure in 1994.

The investment structure was readjusted to some extent. In the fixed assets investment of state-owned units, the investment in capital construction was 18.97 billion yuan, up 6 percent over that in 1994, and the investment in technological innovation and transformation projects was 8.73 billion yuan, up 17.1 percent, continuing to maintain the situation in which the investment in technological innovation and transformation increased rapidly

than that in capital construction. The investment in other categories of fixed assets was 6.3 billion yuan, up 16.5 percent; and the investment in real estate development was 3.56 billion yuan, up 35.5 percent. Of the fixed assets investment of state-owned units, the investment in the primary industry was 490 million yuan, with its proportion declining from 1.6 percent to 1.3 percent; the investment in the secondary industry was 21.68 billion yuan, with its proportion declining from 59.2 percent to 57.7 percent, of which, the investment in the energy resources industry was 16.47 billion yuan, with its proportion declining from 44.5 percent to 43.8 percent; and the investment in the tertiary industry was 15.4 billion yuan, with its proportion rising from 39.2 percent to 41 percent, of which, the investment in transport, posts, and telecommunications was 6.3 billion yuan, with its proportion rising from 14.6 percent to 16.8 percent.

New headway was made in construction of key projects. In 1995, large- and medium-size projects and key capital construction projects under construction in the province numbered 45, the above-norm technological innovation and transformation projects numbered 35, completing 9.72 billion yuan and 1.79 billion yuan in investment respectively, or registering an increase of 35.2 percent and 31.6 percent, respectively. Large- and medium-size projects and key projects that were completed and made available in the province in 1995 included the Harbin city water supply project, the Daqing petroleum administrative bureau, the Xinglong forestry bureau, the highway bridge spanning Nen Jiang in Qiqihar, and Harbin-Suifenhe highway. The above-norm technological innovation and transformation projects included the third-phase project of Harbin flax textile factory, Harbin vehicle gear plant, and the silk processing project of Jiamusi synthetic materials plant. The major newly added production capacities included 2 million tonnes of raw coal annually, 4.019 million tonnes of crude oil annually, 60,000 cubic meters of timber annually, 480,000 tonnes of cement annually, 301,000 heavy boxes of plate glass annually, 75,000 tonnes of beer annually, 281,000 tonnes of tap water daily, 4,346 million km of highways, and 1,007 million lines of local automatic dialing switchboards.

4. Transport, Posts, and Telecommunications

Transport, posts, and telecommunications develop steadily. In 1995, the added-value of the province's transport, posts, and telecommunications was 8.9 billion yuan, up 8.5 percent over 1994.

Volume of transportation by various means is as follows:

	1995	Percentage Increase Over 1994
Volume of freight transport	86.84 billion tonne-km	1.4
Railway	74.54 billion tonne-km	2.1
Highway	5.82 billion tonne-km	2.1
Waterway	1.61 billion tonne-km	-12.9
Airways	100 million tonne-km	11.1
Pipelines	4.77 billion tonne-km	-4.3
Volume of passenger transport	22.65 billion person-km	1.1
Railway	16.82 billion person-km	-1.5
Highway	4.65 billion person-km	8.6
Waterway	20 million person-km	0
Airways	1.16 billion person-km	11.3

The annual volume of post and telecommunications service totaled 2.75 billion yuan, up 48.4 percent from the preceding year. Of the total, letters came to 155.25 million, down 7.4 percent; express letters 1.436 million, up 43.6 percent; long-distance calls 307.63 million, up 31.4 percent; radio paging subscribers 564,000, up 1.4 times; telegrams 4.542 million, down 33.6 percent; newspapers and magazines 521.454 million copies, up 0.6 percent; and local telephone program-controlled switchboards 2.403 million lines, up 54 percent. Telephone subscribers totaled 1.42 million by the end of the year, up 46.3 percent.

5. Domestic Trade and Commodity Prices

With ample supplies of goods, markets for consumer goods enjoyed brisk business in 1995, supply and demand were by and large in balance, and sales increased steadily. The annual retail sales of consumer goods totaled 66.62 billion yuan, up 23.6 percent from the preceding year, or 8.1 percent when inflation was taken into account. Of the total, retail sales in urban areas came

to 57.86 billion yuan, up 22.4 percent; and those in rural areas 8.76 billion yuan, up 32.3 percent. In terms of the proportions of the retail sales of the various sectors, the retail sales of the state-owned economy accounted for 33.8 percent, those of the collective economy 14.5 percent, and those of other sectors 51.7 percent. Consumer goods markets increased to 1,899 in urban and rural areas throughout the province, and their transactions totaled 23.28 billion yuan, up 54.5 percent from the preceding year. Retail sales of the goods sold by peasants to nonagricultural residents rose by 32.1 percent.

Thanks to the concerted efforts of all the people of Heilongjiang, inflation declined from a rate higher than the national average to a rate lower than the national average, and the price control targets defined by the provincial government at the beginning of the year were attained.

Increase (percentage) of various prices in 1995 over 1994 is listed as follows:

1) Cost of living prices for residents	16.1
Of which:	
urban areas	15.9
rural areas	16.2
foods	20.5
medical care	8.7
houses	15.4
services	14.7
2) Retail prices	14.3
Of which:	
foods	21.4
grain	39.6
meat, poultry, eggs	16.0
Garments, shoes, and hats	13.8
articles for daily use	8.0
cultural and sports goods	7.5
books, newspapers, magazines	10.7
western and traditional Chinese medicines	9.2
construction and decoration materials	8.1

1) Cost of living prices for residents	16.1
fuels	5.8
machinery and electronic products	-3.5
3) Prices of farm products	14.9
4) Prices of means of agricultural products	23.1
5) Purchasing prices for raw materials, fuels, power	12.7
6) Producer's prices of industrial products	16.1
7) Prices of goods for investment purposes	6.5

6. Foreign Economic Relations and Tourism

Foreign trade developed in a sustained manner. The province shifted the focus of the import and export structure from traditional barter trade to spot exchange trade. The value of import and export through foreign trade totaled \$3.43 billion, up 10.9 percent. Of this, the value of import came to \$1.33 billion, up 5.8 percent; and that of export \$2.1 billion, up 14.4 percent. The value of import and export through barter trade totaled \$1.46 billion, a drop of 10.3 percent; and its share in the total import and export value dropped from 53 percent in 1994 to 42.6 percent. The value of import and export through spot exchange trade totaled \$1.97 billion, up 34.4 percent; and the share in the total import and export value rose from 47.2 percent in 1994 to 57.4 percent.

The province rapidly developed its economic and technological cooperation ties with foreign countries. In 1995, the province signed 867 agreements using foreign capital, up 13.2 percent over 1994; and \$1.6 billion were involved in these agreements, up 83.7 percent (of which \$990 million were directly invested by foreign traders, up 37.5 percent.) Some \$750 million in foreign capital were actually used, up 52.7 percent. Along with the ceaseless expansion of the spheres of opening the province to the outside world by the end of 1995, the provincial industrial and commercial department had registered 4,388 foreign-funded enterprises of three types, up 16.1 percent over 1994.

The international tourist trade was flourishing. As of the end of 1995, the province received 162,000 foreigners, overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan for sightseeing, visits, or other activities, up 17.6 percent. Foreign exchange income from tourism was \$60 million, up 25 percent.

7. Finance and Banking

In 1995, the provincial financial department positively expanded financial resources to increase revenues and reduce expenditures and fulfilled the revenue and expenditure tasks. Preliminary statistics showed that the local revenues reached 10.1 billion yuan, fulfilling the annual budgeted target by 111.2 percent and witnessing an increase of 19.2 percent over 1994 when calculated in terms of comparable items. The expenditures reached 17.39 billion yuan, fulfilling the annual budgeted target by 89 percent and seeing an increase of 17.2 percent over 1994 when calculated in terms of comparable items.

The banking situation was comparatively stable. The year-end bank savings deposits reached 155.59 billion yuan, up 37.86 billion yuan when compared with the figure at the beginning of the year and up 26.7 percent over 1994. Of this, the urban and rural residents' savings deposits reached 109.11 billion yuan and enterprises' savings deposits 37.55 billion yuan, respectively accounting for 70.1 percent and 24.1 percent of the total. Banks and banking organizations issued 117.64 billion yuan worth of loans, up 26.93 billion yuan when compared with those at the beginning of the year; and the loans newly issued in 1995 increased by 5.5 percent over 1994. There was a credit balance of 22.05 billion yuan, a drop of 33.1 percent from the 1994 figure of 32.98 billion yuan. Banks' cash incomes reached 378.35 billion yuan, up 119.76 billion yuan or 46.3 percent over 1994; and their cash expenditures reached 389.26 billion yuan, up 114.86 billion yuan or 41.9 percent. When incomes and expenditures were balanced, the money in circulation amounted to 10.91 billion yuan, a drop of 4.9 billion yuan or 31 percent from 1994.

8. Science, Education, Culture, Public Health, and Sports

Scientific and technological undertaking flourished. In 1995, the province achieved 261 scientific results of various kinds. Of this total, 20 achieved the international advanced level, and 80 were either first or leading in our country. A total of 54 significant results were at the provincial or ministerial level. Throughout the year, the province applied for 2,569 patents from the state, while 1,403 of them were approved.

Scientific and technological investment increased. In 1995, the province used up 1.58 billion yuan on scientific and technological activities, increasing 12.1 percent over the previous year. Of this total, 410 million yuan was used on research and development, up 10.8 percent.

Markets for the transfer of technology were brisk. In 1995, the province signed 7,600 technology contracts, up 29.2 percent over the previous year, involving 1.11 billion yuan, increasing 16.8 percent.

Quality inspection, standardization, and weather forecast were further improved. In 1995, Heilongjiang had 196 organizations for quality inspection, and established 71 ultrashort wave transmission stations in the weather warning and service system.

Environmental protection was further developed. In 1995, the environmental protection sector had 107 monitoring stations and five state-level natural preserves. In 1995, the number of projects against environmental pollution which were completed within the specified time amounted to 92, absorbing a total investment of 47.02 million yuan. In the urban area, 358 soot-control zones were established, covering an area of 639 square meters; and there were another 207 zones covering 323 square meters where the noise pollution was put under the specified level.

New progress was registered in educational undertakings of all kinds. The development of general higher education was accelerated. In 1995, 1,914 students enrolled in graduate studies, increasing 1.9 percent over 1994. The number of students taking graduate courses totaled 5,643, or an increase of 10.8 percent. The general schools of higher learning took in 35,000 new students, up 2.9 percent over the previous year; and the total number of enrolled students was 114,000, up 4.4 percent. Secondary specialized education saw steady progress. Secondary specialized schools took in 36,000 new students, increasing 2 percent as compared with the previous year; and the total number of enrolled students was 100,000, up 14.4 percent. Secondary vocational schools took in 50,000 students, increasing 2.1 percent; and the total number of students was 122,000, down 2.6 percent.

Basic education made steady progress. In 1995, there were 1.539 million students in junior secondary schools, up 6.7 percent. The total number of enrollment in elementary schools was 3.729 million, down 1 percent over 1994. The enrollment rate of primary-school-age children reached 98.0 percent; and 93 percent of primary school graduated continued their study in secondary schools, as compared with 84.8 percent of the previous year. A total of 44.8 percent of junior secondary school graduates continued their studies, while it was 45.6 percent in 1994. Attendance rate of high school students rose from 91.6 percent in 1994 to 96.7 percent in 1995; and that for elementary schools rose from 97.8 percent in 1994 to 99.1 percent in 1995.

In 1995, the enrollment of students in adult higher education was 38,000, down 7.5 percent as compared with the previous year. The total number of students in institutions of higher education reached 108,000, increasing 8.4 percent. Adult secondary specialized schools took in 44,000 new students, down 28.1 percent as compared with 1994; and the total number of students was 115,000, down 11.1 percent. A total of 72,000 young and middle-aged people extricated themselves from illiteracy in the entire year.

Cultural undertakings continued to develop. By the end of 1995, there were 92 art performance groups in the province, up 1.1 percent over the 1994 figure; 137 mass art halls and cultural halls (stations), the same as the 1994 figure; and 29 museums, up 26.1 percent. There were also 73 radio stations, up 1.4 percent; and 45 medium- and short-wave radio transmission and relay stations, the same as in 1994, producing 75,000 hours of radio programs, up 9.2 percent. There were 36 television stations, equal to the figure in 1994; and 1,016 television transmission and relay stations, up 2 percent. These stations produced 17 teleplays, covering 170 episodes, declining by 19 percent and 28 percent from the 1994 figures respectively. Of these teleplays, seven were awarded prizes, the same as the previous year. The province produced 17 radio plays, up 41.7 percent, of which, seven were given prizes, the same as the previous year. By the end of 1995, there were a total of 2,842 film projection units, a drop of 10.8 percent from the number at the end of the previous year. In 1995, a total of 690 million copies of newspapers and 67.177 million copies of magazines were published in the province, respectively showing an increase of 12.1 percent and 5.4 percent.

Public health undertakings developed steadily, and medical treatment conditions improved further. By the end of 1995, there were 7,637 hospitals, sanatoriums, clinics, and other medicare units in the province, and there were 116,000 beds at urban and rural hospitals, a decline of 0.8 percent. Full-time health technical persons numbered 179,000, of whom, 75,000 were doctors, and 51,000 were nurses. Among doctors, 57,000 were doctors of traditional Chinese medicine science.

New achievements were scored in sports undertakings. In 1995, at major domestic and international sports competitions, the province's athletes won 77 gold medals, 63 silver medals, and 59.5 bronze medals. Meanwhile, the province's athletes broke three world records and created seven national records. In 1995, the province sponsored 771 sports games at or above the county level, and 640,000 persons attended these games. A total of 3.576 million people in the province attained the "National Standards for Physical Exercises."

9. Population and People's Life

Population growth was brought under control. Calculated in terms of the 1995 provincial sample survey of population change, the population birthrate was 13.2 per thousand, a drop of 0.19 percentage points from the 1994 figure; and the death rate was 5.3 per thousand, a drop of 0.01 percentage points, resulting in a natural population growth rate of 7.9 per thousand, a drop of 0.18 percentage points. Based on this, the total population of the province in 1995 was 37.01 million.

Labor employment service system improved gradually. In 1995, there were 1,914 employment agencies at all levels, providing jobs for 210,000 job-seekers. At the end of 1995, the registered unemployment rate of urban areas was 2.6 percent. At the end of the year, there were a total of 8.431 million staff and workers, 104,000 fewer than the number at the end of 1994, a drop of 1.2 percent. Of these staff and workers, 1.67 million were employed on a contract basis, with their proportion in the total rising from 17.1 percent to 19.8 percent. At the same time, the people employed by urban private enterprises and the self-employed businessmen numbered 1.202 million, an increase of 373,000 persons, or 45 percent, over the figure at the end of 1994.

With the gradual acceleration of the province's economic development, the living standards of urban and rural residents were enhanced. In 1995, the total payroll of workers across the province reached 32.76 billion yuan, up 16 percent, and the average per capita cash wage of workers was 4000 yuan, up 18.5 percent, or an increase of 2.3 percent if the price inflation was excluded. However, a fairly big increase was seen in the workers' income other than their wages and in the income of other laborers. Based on the sample survey among urban households, in 1995, the average per capita income for living expenses of urban residents was 2968.4 yuan, an increase of 28.1 percent over the previous year, an increase of 10.5 percent if the price inflation factor was excluded, and the growth rate was 1.7 percentage points higher than the previous year. The income of peasants increased by a large margin. Based on a sample survey among rural households, in 1995, the average per capita net income of peasants across the province was 1,766 yuan, an increase of 372 yuan,

or 26.7 percent, over the previous year, showing an increase of 13.8 percent if the price inflation factor was excluded. The growth rate was higher than the previous year by 6.6 percentage points.

The living conditions of urban and rural residents were further improved. In 1995, the state invested 6.96 billion yuan in building houses for workers, an increase of 7.2 percent over the previous year, and completed 7.658 million square meters of residential houses, a decline of 12.6 percent from the previous year. The average per capita living space for urban residents was 7 square meters, an increase of 0.2 square meters over the previous year. The average per capita living space of peasants was 15.4 square meters, an increase of 0.7 square meters over the previous year. The housing quality improved continuously. Of the newly built houses during the year, 93 percent were brick houses.

Social welfare undertakings developed unceasingly. In 1995, 44,000 childless, old, disabled, and young people were supported by social collectives. The social collectives run 1,120 homes for the elderly and provided for 24,000 old people; the civil administrative departments run 27 social welfare institutes, welfare institutes for children, and psychiatric hospitals and provided for 5,464 people.

Insurance undertakings became prosperous every day. In 1995, the insured amount undertaken by the province reached 259.32 billion yuan, and the income from insurance premiums totalled 1.09 billion yuan, an increase of 16 percent. The expenditure for paying indemnities totalled 610 million yuan, a decline of 11.6 percent from the previous year. The province handled a total of 314,000 cases on paying insurance indemnities, an increase of 18 percent over the previous year.

Notes:

1. All data listed in this communique are initial statistical data.
2. Figures in value terms on GDP, the value added by various industries, and the total output value are at current prices of the year, whereas growth rates are calculated at comparable prices.

PRC: Li Teng-hui's 'Splittist Activities'

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[Article by Xiao Yang (2556 2254): "Li Denghui's New Tricks"]

[PTS Translated Text for FBIS] On 23 February in Taipei, Li Denghui [Li Teng-hui] convened a press conference of some scale at which he made quite a long speech about current relations across the strait and the mainland policies of the Taiwan authorities. This attracted people's attention. At the present time, when there are many events occurring in relation across the strait and the Taiwan situation is also extremely delicate and complex, these views of Li Denghui are highly deceitful and must be subject to close examination.

Crucial Point Is That the 'One China' Principle Was Avoided

In his speech, Li Denghui indicated that ending the situation of confrontation across the strait was an important policy which had to be handled by the so-called "ninth president" and that the "first step is the signing of a cross-strait peace agreement." He also claimed that he "had faith that with a high degree of wisdom and unparalleled courage and insight, it would be possible to make a historic contribution to the peaceful development of the two sides of the strait and the peace and prosperity of the Asia-Pacific region." These were the points which Li Denghui stressed during the press conference and which were most lauded as having "new significance and good intentions" by some "observant and conscientious persons" in Taiwan.

Everyone knows that because the Kuomintang [KMT] waged a civil war against the people and because of meddling [cha shou 2252 2087] by the United States and other foreign forces, the two sides of the strait have seen a continuing hostile situation and military confrontation for the last several decades. Since the beginning of the 1980's, while the situation in the Taiwan strait has seen an amelioration of the tense atmosphere and increasingly frequent non-governmental contacts across the strait, the situation of confrontation across the strait has not been formally ended. Since the 1980's, the CPC and the Chinese Government have, in response to strong calls by people on both sides of the strait, put strong and unremitting efforts into ending the situation of confrontation across the strait at an early date. On 7 June 1991, the responsible persons of the Taiwan Affairs Office under the CPC Central Committee were authorized to propose the following: The CPC and the KMT would send representatives to liaise, so as to facilitate the creation of conditions for

"talks on the formal ending of the situation of cross-strait confrontation and gradual realization of peaceful unification." The important speech entitled "Continuing To Struggle in Order To Promote the Completion of the Great Cause of Unification of the Motherland" given by Chairman Jiang Zemin on 30 January last year, clearly pointed out: "As a first step, the two sides could hold discussions and reach an agreement on 'formally ending the situation of cross-strait confrontation, under the precondition of the one-China principle.' On this basis, the two sides would jointly bear the obligation to safeguard China's sovereignty and territorial integrity and would make plans for the future development of cross-strait relations." Chairman Jiang Zemin's speech was fair and reasonable, well-put and well-argued, and was widely supported by the people on both sides of the strait. The people hoped that the Taiwan authorities would make a positive response to Chairman Jiang Zemin's suggestion, and taking this as the turning point, spur the development of cross-strait relations to a new stage. However, on 8 April in the same year, Li Denghui indicated in a speech that if there was a desire to end the situation of cross-strait confrontation, it would be necessary for the CPC to first undertake to renounce the use of military force.

It is very clear that this "talk of conditions" is actually aimed at creating unrealistic obstacles and is solely aimed at trying to put off the talks indefinitely. This shows that Li Denghui has absolutely no sincerity when it comes to trying to end the situation of cross-strait confrontation.

Today, however, after a year of cross-strait relations having seen serious setbacks and reversals as a result of Li Denghui having engaged in major national splittist activities on the international level by his visit to the United States, Li Denghui is still recycling his old words. People have to ask what Li Denghui has up his sleeve.

The answer is very simple. Li Denghui wants to use this to create an appearance of detente across the strait, in order to mollify the dissatisfaction which the people of the island feel about his splittist policies, to gain political capital for himself in the 23 March elections, and to increase his bargaining chips with those he is competing against in the elections. It must be pointed out that in Li Denghui's so-called "new" proposals on ending the confrontational situation across the strait and signing a peace accord between the two sides of the strait, the most crucial point is that there is a complete avoidance of the principle of "one China." In Chairman Jiang Zemin's eight-point proposal, the principle of "one China" is a precondition for the cross-strait talks aimed at ending the situation of confrontation. However, Li

Denghui does not even mention it once. As noted above, the talks aimed at ending the situation of confrontation are an internal matter for China, and they must be conducted under the precondition of firmly upholding the principle of "one China." If there is divergence from this principle, will not efforts to end the situation of confrontation between the two sides of the strait and the signing of a peace agreement become actions between two states? It is on this point that Li Denghui fully reveals his true intentions. He wants to oppose the "one China" policy and, through discussions which are not restricted by this policy, create a situation where there are reciprocal "political entities" on the two sides of the strait, and thereby in the international community proclaim Taiwan's position as a so-called "independent sovereign state." This will pave the way for the final realization of the "Taiwan independence" line of "two Chinas" or "one China, one Taiwan."

Who Is Creating the Tension in Cross-Straight Relations?

At the press conference, Li Denghui made a point of speaking about his "achievements" in alleviating tensions in the cross-strait relationship. He claimed: "Reducing tensions in the cross-strait relationship is the goal which the government has continually strived for since the end of the period of mobilization and suppressing rebellion and since formulating the national unification program." "However, we have not seen any response from the mainland side." It is as if the current tension in the cross-strait relationship was created by the mainland. In a speech on 3 February, he noted that "in the last six years, the greatest change has been the development of cross-strait relations," and especially his "promotion" of them. This had "resulted in the situation across the strait changing from the 'threat of warfare' to a new period of 'peaceful exchanges.'" He wildly claimed that "Only Li Denghui was able to bravely and wisely change the situation of confrontation between Taiwan and the mainland which had existed for 50 years."

In fact, the relaxation of the tense relations across the strait began at the end of the 1970's and beginning of the 1980's. From the putting forward of the policy of "peaceful reunification and one country, two systems," to the People's Liberation Army stopping their bombardment of Jinmen and actively cutting back the Puzhou Military Region, the CPC and the Chinese Government made historic contributions to improving relations across the strait. It was under the guidance of the principle of "peaceful unification and one country, two systems," and the efforts of the people on both sides of the strait that cross-strait relations changed from be-

ing cut off to having contacts, and from confrontation to detente. Li Denghui is in fact moving against the historical tide of detente in cross-strait relations, going against the urgent wishes of the people on the two sides of the strait, and continually creating tension and antagonism in cross-strait relations. The "Qiandao Lake Incident" that occurred in Zhejiang in 1994 was actually a criminal case where a small number of criminal elements murdered people for their valuables. However, Li Denghui seized on the incident to put forward his own ideas and viciously attacked the government of the motherland as an "evil force" and as "bandits." This fanned confrontational sentiments among the Taiwan people toward the mainland of the motherland. Further, since last year, Li Denghui has gone against the principle of "one China" and, relying on foreigners to bolster his own strength, he ran off to the United States to wantonly peddle his "Republic of China in Taiwan" and "Taiwan independence" contraband, and in the international arena openly engaged in "two Chinas" or "one China and one Taiwan" activities of splitting the motherland. This attracted uniform denunciation and condemnation by the Chinese people. In the same way, Li Denghui, not caring about wasting the hard-won funds of the Taiwanese people, purchased a large volume of advanced weapons and equipment from foreign suppliers, and in the short space of half a month, they successively conducted four military exercises aimed at the mainland of the motherland, artificially raising the tension and harming the cross-strait atmosphere. The anti-splitter and anti-Taiwan independence struggle waged by the Chinese people is a completely righteous action aimed at safeguarding the unity of the country. The saying of the Taiwan people that "We have missiles flying over our heads because old Li has been courting disaster" lays bare the following fact: Li Denghui is certainly not a "meritorious official" who has improved cross-strait relations, but is the guilty party whose actions have led to the current tense situation in cross-strait relations.

Essence of the "Golden Mean" Policy Is "Splittism and Separatism"

At this press conference, Li Denghui also spoke of his views on unification and "independence." He said: "I am the chairman of the KMT and everyone is very aware that the KMT is the party of the golden mean. The KMT is not engaged in seeking independence! Or in seeking unification at present! The country's unification is a long-term goal. In the current situation, how can we pursue unification?"

Li Denghui's statements about "not pursuing unification and not pursuing independence" are nothing new. He

has said this before on many occasions. The only thing that changes is the wording. His "golden mean" seems to be just aimed at preserving the status quo. However, the status quo he is talking about is not the temporary separation between the two sides of the strait which good and honest people speak of. Rather, he is talking about preserving the position of "an independent sovereign state" of "The Republic of China on Taiwan" which would be an equal of "The People's Republic of China." To put it bluntly, he wants to proceed in a peaceful fashion toward "two Chinas" or "one China, one Taiwan." The so-called "golden mean" policy is another term for the "splittist and separationist" policies which Li Denghui firmly upholds. Thus, when Li Denghui speaks of not unifying he is being truthful, but when he talks of not pursuing independence, he is lying. In the past he has openly spoken of this, but at this time because of the elections, he has made his words more ambiguous.

On 3 February in Taoyuan County, Li Denghui twice stated: "Some people say that I am pursuing 'Taiwan independence' or 'independence for Taiwan.' This is hilarious. It is, as the Communists say, something which the people would not believe." Is this really so? According to media statistics from the island, the number of persons who believe that Li Denghui is pursuing "Taiwan independence" is gradually increasing and has reached a historic high. It appears that Li Denghui is telling an out-and-out lie. Now, it is not just the CPC saying that he is pursuing "Taiwan independence," but an increasing number of Taiwan people are clearly recognizing his "Taiwan independence" nature.

New Tricks in Trawling for Votes

Li Denghui certainly understands the road of survival. Having been dizzied by success, and without considering the consequences, he has made irresponsible remarks. However, as soon as the situation turns unfavorable to him, he changes his views and uses flowery and seductive language to conceal himself, thereby to gain sympathy and support.

At present, the Taiwan electoral battle is tense. The biggest obstacle he has encountered is the dissatisfaction the Taiwan people feel toward the mainland policies he has pursued since coming to power. He has faced much censure, and his opponents regularly seize on him without letup. The policies of splitting the motherland that Li Denghui has promoted in recent years have led directly to the tension seen in cross-strait relations since last year, to the slide in the Taiwan economy, the great drop in the stock market, the marked decline in exchange rates, and fluctuations in morale. The masses have suffered personal losses and they face a

greater potential crisis. In the last election, the KMT defeated their opponents by relying on the "stability card." However, in this election, the "stability card" has ceased to be effective. It will not only be unable to help Li Denghui get through his difficulties, but may even result in his boat being overturned this time. In such a situation, Li Denghui is again wielding his emergency magic weapon. In one respect, he is handing out large volumes of tranquilizers and trying to create the appearance of detente across the strait. He is saying things like "At present cross-strait relations are not bad, and they are not as poor as imagined," "Recently, there have been newspaper reports suggesting that tomorrow the two sides of the strait will be fighting and killing each other, and they say that Li Denghui has created this strait crisis. Actually this is completely false," and so on. In another respect, he changes his words and trots out, again, topics like ending the confrontational situation and conducting high-level meetings, things which in the past he had rejected, and at the same time spreads some ideas which seem correct but are actually false. He is deceiving the people of Taiwan. In any case, what he says cannot be assigned any credence. What he says today to bypass an obstacle will in the future be reversed on the basis of some reason or another.

However, Li Denghui underestimates the capacity of the Taiwan people to discriminate and judge. Although in recent years he has made a lot of efforts and said a lot of pleasant things in this respect, the indications are that he has not dispelled people's doubts and lack of trust in his mainland policies. According to a survey recently published by the Taiwan "Chamber of Commerce," of the 117 Taiwan entrepreneurs who were surveyed, 70.8 percent felt worried about the increasing escalation of tensions across the strait. Taiwan's leading economic indicators issued on 27 January had a "blue light" for the third successive month. This meant that the economy would continue to decline. From this, one can observe the pessimistic sentiments about Taiwan's future development under Li Denghui's mainland policies.

In a speech given by Premier Li Peng on 30 January at a forum to commemorate the anniversary of Chairman Jiang Zemin's important speech on Taiwan, he pointed out: "Whoever pursues Taiwan independence is an arch-criminal who harms China's unity. No explanation for such actions will provide any excuse." It is absolutely appropriate to use these words in assessing Li Denghui's recent performances.

PRC: Taiwan's Economy Said Related to Cross-Strait Relations

OW2903110196 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1206 GMT 27 Mar 96

[FBIS Translated Text] Hong Kong, 27 Mar (ZHONGGUO TONGXUN SHE) — Report from Taipei: Following the "presidential" election in Taiwan, the authorities and the people are more optimistic about economic prosperity in the second half of the year. However, specialists and scholars held that whether or not the economy will take a turn for the better in the second half of the year depends on whether or not cross-strait relations will ease up and the latter is related to Li Denghui's (Li Teng-hui) attitude toward the cross-strait relations and diplomatic policy.

Since the second half of last year, various circles have held very different views about Taiwan's economic prosperity, and the greatest differences are whether or not cross-strait relations will be able to improve within a short period and whether or not the readjustment after the disintegration of the bubble economy can be completed at an early date.

Professor Chen Tien-chih of the Economics Department of Taiwan University held that, at the beginning of 1996, Taiwan's economy will continue to be hot outside and cold inside as was the case in 1995. Since international economic prosperity continues, Taiwan's economy, which is dependent on exports, is expected to maintain an economic growth rate of more than 6 percent this year. However, neither improvement in cross-strait relations nor recovery from a bubble economy can happen in a day or two. In particular, at the end of 1995, a blue light signal indicating recession was given calling for taking necessary measures. Some time is still needed before Taiwan's economy will be able to recover.

Tense cross-strait relations have also adversely affected foreign businessmen. According to an analysis made by Kao Chang, a research fellow at the Taiwan China Economic Research Institute, although tense cross-strait relations will not last forever, they have already adversely affected the plan of transnational enterprises to establish an Asia-Pacific operations hub in Taiwan and have weakened foreign businessmen's intentions to invest in Taiwan.

Both Kao Chang and Chen Tien-chih held that, whether or not cross-strait relations ease, will determine the trend of Taiwan's economy. Resuming talks is an indicator of eased tensions in cross-strait relations. However, even if cross-strait talks are resumed, results to the negotiations may not come immediately.

Kao Chang stressed that, at present, the mainland is universally concerned about Li Denghui's speeches and trends related to cross-strait relations and foreign policy. Whether or not Taiwan's economy will be able to take a turn for the better depends on Li Denghui's attitude toward cross-strait relations and foreign policy.

PRC: Official: Cross-Strait Economic Ties To Continue 'As Usual'

OW2903043996 Beijing ZHONGGUO XINWEN SHE in English 0427 GMT 28 Mar 96

[Cross-Strait Economic Development Must Go On -- CNS headline]

[FBIS Transcribed Text] Beijing, March 28 (CNS) — Economic relations across Taiwan Strait would continue as usual and Taiwan investment on the mainland would continue to expand. An Min, the head of the Taiwan, Hong Kong and Macau Department of the Foreign Trade and Economic Cooperation Ministry told a business symposium today.

Relying on words spoken by President Jiang Zemin last year, Mr. An said that political differences should not be allowed to interfere with economic ties across the Straits. Bilateral ties should be developed in conformity with the policy of reunification of the motherland. Mr. An added that certain misguided policies emanating from Taiwan may have frightened some investors. But, he said, the mainland were both consistent and welcoming of the Taiwan investor.

PRC: Official Says Cross-Strait Cultural Ties To Continue

OW2803132196 Beijing ZHONGGUO XINWEN SHE in English 0342 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — The door to cultural exchange across the Taiwan Strait can not be closed once it has been opened in spite of present cross-strait strained relations which, however, had occasioned some negative impact, said Yin Zhiliang, Director of the Department of Hong Kong, Macau and Taiwan Affairs of the Ministry of Culture.

Speaking at an exclusive interview with CNS, Mr. Yin said that the Xinjiang Song and Dance Ensemble take up their invitation and perform in Taiwan tomorrow. Meanwhile consultations were being held on a tour of the island by the Gansu Beijing Opera Troupe in May. The ministry proposes to invite outstanding musicians and arts persona from Taiwan to visit the mainland.

Despite the tense state of relations across the strait since Lee Teng-hui [Li Teng-hui] of Taiwan visited the United States last year, no severe impact had been

occasioned to cross-strait cultural exchanges. The China Beijing Opera Troupe and the Central Nationalities Orchestra gave 20 performances in Taiwan last year. Mainland artists and organisers made 1844 visits to Taiwan last year while 1,200 reciprocal visits were made to the mainland, including several performances by renowned Taiwan artists.

The Xinjiang ensemble, which is composed of artists of ten different nationalities including Uygur, Han,

Kazakh and Uzbek, will demonstrate their skills in Taiwan. Speaking before their departure, the head of the ensemble said that the tour was being made at the invitation of a Taiwan artistic group. The ensemble will give 11 performances on the island starting on April 1.

Taiwan: Army To Establish 'Independent Brigades' for Ground Troops

OW2903030996 Taipei CHUNG-KUO SHIH-PAO
in Chinese 28 Mar 96 p 1

[By reporter Lu Chao-lung (0712 2507 7127)]

[FBIS Translated Text] Taipei — The Army of the National Armed Forces [NAF] will undergo a major structural reform to accommodate the future mode of defense in the Taiwan Strait as well as the NAF's streamlined policy. It was disclosed that the Army just completed its structural planning and decided to establish "independent brigades" [du li lu 3747 4539 2464] to replace its "brigades," which are tactical command units under divisional units (heavy armored divisions, infantry divisions, and motorized divisions) so as to meet current defense needs and give play to ground troops' mobility, responsiveness, and independent fighting capacity.

It was learned that the Army submitted to the NAF General Staff Headquarters its plan for forming independent brigades, and will implement the plan as soon as it is approved by General Luo Pen-li, chief of the general staff. The projected formation of "independent brigades" will be the most important restructuring the Army will carry out following the abolition of the "corps" units several years ago. It was pointed out that a pilot project will be carried out before "independent brigades" are formally established.

It was disclosed that while the Army will retain the "division" units under its plan, these units will be downsized; and that the current "brigades" will be replaced by "independent brigades." The current mobile divisions [dong yuan shi 0520 0765 1597] and reserve divisions will retain their sizes.

According to an Army general, the difference between an "independent brigade" and a "brigade" is that the former will have its own logistics support, and the grouping of its force (the battalions under its command) will be permanent; and while it will function like a "small division," its combat capacity will not be as large as a regular division. On the other hand, a "brigade" does not have its own logistics support and has to count on the division's support. Moreover, a "brigade" is a flexible unit, and the size of the battalions under its command can be adjusted according to circumstances. The general added that because of Taiwan's topographical characters, the way independent brigades are structured is in line with Taiwan's current defensive needs, but is inappropriate for offensive operations.

The NAF General Staff Headquarters began to promote the formation of "independent brigades" of the ground

troops four years ago, but the Army, which was in charge of the planning, proceeded cautiously because the plan involved the issue of whether or not "divisions" had to be dissolved. During the planning process, the Army presented several plans, including the retention of the current "divisions," the establishment of "small divisions," and the replacement of "divisions" with "independent brigades." General Li Chen-lin, commander in chief of the Army, decided last month to establish "independent brigades" and also retain the "divisions."

According to the NAF's current tactical arrangements, the Army's future command system will be one with "Army groups," "divisions," "independent brigades," "battalions," and "companies." As the Army aims at downsizing its force by 200,000 men, the number of "divisions" will be cut after "independent brigades" have been established.

Taiwan: South African President Congratulates Li on Reelection

OW2903105396 Taipei CNA in English
0924 GMT 29 Mar 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March -9 (CNA) — South African President Nelson Mandela Friday [29 March] cabled a message to President Li Teng-hui congratulating him on his reelection with a landslide victory on March 23.

In the message, Mandela, a firm supporter of the Republic of China, said it is with pleasure that he, on behalf of the government and people of South Africa, extends to [word indistinct] the ROC [Republic of China] people sincere congratulations on the occasion of Li's victory in the presidential election.

"Please accept, your excellency, my best wishes for your personal good health and happiness as well as for the continued welfare of your country and her people," Mandela said in his message.

The message was transmitted to Li Friday through the South African Embassy in Taipei.

Taiwan: Official Delegation To Visit Brazil, Argentina, Peru

OW2903105996 Taipei CNA in English
0929 GMT 29 Mar 96

[By Danielle Yang]

[FBIS Transcribed Text] 29 (CNA) — The Board of Foreign Trade (BOFT) and the China External Trade Development Council will organize a trade delegation

to visit Brazil, Argentina, and Peru in mid-May, BOFT officials said Friday [29 March].

This will be the first time for the Republic of China to send an official delegation to visit these countries in an effort to develop substantial official relations with the three countries through trade promotion, the officials said.

According to the BOFT officials, the three countries are willing to enhance contacts with Taiwan through trade links. They added that it is beneficial for the ROC and these countries.

Taiwan will set up an industrial zone in Brazil by offering \$1 billion to purchase related production facilities, the officials said. Six thousand job opportunities are ex-

pected to be created after 30 Taiwan enterprises setting up plants in the industrial zone in 1997, they added.

Brazil and Argentina, two member countries in the Southern Cone Common Market, maintained close economic and trade ties with Taiwan, the officials said.

Taiwan exported US\$780 million worth of goods to Brazil last year, up 78 percent from 1994, making Brazil one of the fastest growing market for Taiwan.

The BOFT officials said that Argentina's economy is recovering after a five-year sluggishness and that the South American country hopes to become a main supplier of grains and leather to Taiwan.

Hong Kong

Hong Kong: Spokesman on Formation of First Hong Kong Government

OW2903120196 Beijing XINHUA in English
1147 GMT 29 Mar 96

[FBIS Transcribed Text] Beijing, March 29 (XINHUA) — China does not want to see the British Hong Kong government become a "crippled" government, a spokesman for the Hong Kong and Macao Affairs Office of the State Council said here today.

Yet that will not depend on the Chinese side but on whether the British side wishes to co-operate with China or not, he added.

Answering a reporter's question on whether the main officials of the Hong Kong government will have to leave their posts if they join the executive leading team for the future Hong Kong Special Administrative Region (SAR), the spokesman said that the first government of the SAR will be nominated by its chief executive and then report to the Central government for appointment, not excluding the possibilities of absorbing senior officials working in the Hong Kong government now.

In this regard, he said, it refers to a issue of "double loyalty".

In fact this issue was first raised by Hong Kong Governor Chris Patten. He does not allow his officials to practise "double loyalty".

So, the chief executive of the Hong Kong SAR will not expect a similar case in the future, he said.

Therefore, he added, the Chinese side hopes to solve this issue through Sino-British co-operation.

Hong Kong: JLG Experts Continue Talks on Handover Ceremony

OW2803133196 Beijing XINHUA in English
1250 GMT 28 Mar 96

[FBIS Transcribed Text] Hong Kong, March 28 (XINHUA) — China and Britain today continued their exchange of views on the handover ceremony of Hong Kong in a new round of talks here, but no consensus was reached.

The Sino-British Joint Liaison Group (JLG) held its third round of experts talks on the handover ceremony scheduled for midnight on June 30, 1997.

After the three-hour meeting, ambassador Zhao Jihua, Chinese Senior Representative of the JLG, said both sides had an in-depth discussion on all subjects concerning the handover ceremony. He was unwilling to

make any announcement before the two sides achieved some common views.

Hugh Davies, Senior Representative of the British team said that it was not an easy discussion. But he did not elaborate on the difficulties in the talks.

Hong Kong: JLG Experts Discuss Handover Ceremony, Comment

OW2803165396 Beijing XINHUA in English
1647 GMT 28 Mar 96

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Hong Kong: Talks on Handover Ceremonies End in 'Stalemate'

HK2903092396 Hong Kong EASTERN EXPRESS
in English 29 Mar 96 p 1

[By political correspondent Sally Blyth and Rain Ren]

[PTS Transcribed Text for FBIS] An official lunch for members of the Sino-British Joint Liaison Group (JLG) was abruptly called off yesterday when talks between the two sides on the 1997 handover ceremony ended in stalemate.

Beijing has toughened its stance over transitional matters, including arrangements for a joint ceremony on the transfer of sovereignty on July 1 next year.

Angry British negotiators refused to attend a lunch with their Chinese counterparts in protest, under the instructions of the Governor, Chris Patten.

Plans are being drawn up for Prince Charles to preside over the handover ceremonies next year, but his presence is understood to depend on whether an agreement can be reached with China on "suitable" arrangements to mark the historic event.

The format of the handover ceremonies is brewing into another row between Britain and China as the two sides have disagreements on the style of the ceremonies and the place to mark the transfer of sovereignty.

Sources close to Buckingham Palace have said proposals for Charles to attend were under consideration.

But it is understood China's worries centre on a site appropriate for a number of elderly, senior leaders and is insisting the ceremonies be held indoors.

The Hong Kong and British governments have argued that the logistics of such a mammoth event would make it impossible to find an appropriate indoor site.

It is not clear whether Beijing's references to a need for an indoor event imply that the paramount leader Deng Xiaoping means to attend.

In the past he has said he will come, but his failing health over the years has raised questions about his fitness to witness the occasion.

"We had a meeting including disagreements," a British official said yesterday.

"The fact is that we are not making very much progress at this stage.

"We are exploring each other's position. It is not very easy."

A senior Chinese official close to the JLG talks laid the blame on Patten, saying he was "out of his mind".

"He is like a mad dog these days because he is disturbed by the understanding that he will become a complete loner and his Legislative Council will be replaced by a provisional body in the run-up to the 1997 handover," the Chinese official said.

Apart from the agreement that the ceremony be held at midnight on June 30, 1997, the two sides are locked in a bitter row on everything else.

It is understood Britain wants a "grand event", inviting world leaders, while China wants a simple handover ceremony, followed by a spectacular celebration after midnight.

Hong Kong: Spokesman on Senior Hong Kong Civil Servants

OW2903120996 Beijing XINHUA in English
1154 GMT 29 Mar 96

[FBIS Transcribed Text] Beijing, March 29 (XINHUA) — After a leading team of the future Hong Kong Special Administrative Region (SAR) is formed it will be responsible for the establishment of its Provisional Legislative Council, a spokesman for the Hong Kong

and Macao Affairs of the State Council stressed here today.

This means that those senior officials working in the present Hong Kong government who wish to take part in the government of the Hong Kong SAR must recognize the provisional legislature and at the same time co-operate with it.

"It goes without saying," he told a reporter who asked a question on whether senior civil servants of the British Hong Kong government should present their views to the public to support the decision on the establishment of the Provisional Legislative Council if they want to serve the SAR government in 1997.

The spokesman said that the Chinese side believes that the civil servants of the Hong Kong government will understand this.

He said that it became necessary to make the decision on the setting up of the Provisional Legislative Council of the Hong Kong SAR after the "through train" arrangement for the members of the last Legislative Council to directly become that of the first Legislative Council of the Hong Kong SAR was sabotaged by the British side.

This was the only choice for implementing the principle of "Hong Kong people governing Hong Kong" and giving a high degree of autonomy to the legislative department, he added.

When asked whether it is true that the Chinese side demands that all senior civil servants express their views on the issue related to the establishment of the Provisional Legislative Council, the spokesman said this is not true.

"We do not want to see anyone exert pressure on civil servants to express their disagreement with the provisional legislature. Otherwise, how could they justify remaining in the SAR government?" he asked.

Hong Kong: Chief Secretary Supports Civil Service Neutrality

HK2903050796 Hong Kong EASTERN EXPRESS
in English 29 Mar 96 p 1

[By Sam Mok]

[PTS Transcribed Text for FBIS] Anson Chan's future in the civil service after the handover was in doubt last night after she challenged China's allegiance demands.

The Chief Secretary told a legal conference yesterday that the 180,000-strong civil service should be politically neutral.

China has demanded that civil servants who want to continue beyond 1997 declare their support for the provisional legislature.

Chan urged civil servants to be loyal to their senior officials and the Hong Kong community.

Her tough stance followed the remarks by a senior Chinese official earlier this week, that Chan could not serve in the special administrative region (SAR) government unless she openly reversed her opposition to a provisional legislature.

Chan said yesterday at the conference: "We have a Legislative Council [Legco] which is fully elected, in an open and fair manner.

"The record high-voter turnout in September (1995) demonstrates the community's support for the electoral arrangements.

"Hong Kong's interests will be best served by allowing this current Legislative Council to serve its full four-year term..."

"I have to say that we can see no justification for a provisional legislature."

No such arrangement is mentioned in either the Joint Declaration or the Basic Law, Chan said.

"The Preparatory Committee's decision is bound to cause confusion and uncertainty... In particular, the community would wish to know how the principle of Hong Kong people ruling Hong Kong can be implemented..."

"As for the Hong Kong Government, our commitment is clear.

"That commitment is to work with the present legislature of Hong Kong, elected freely and openly by almost a million voters last year."

Chan said the Civil Service plays a crucial role in the good governance of Hong Kong and in securing a smooth transition.

"It can only do so if it remains politically neutral and acts in accordance with the law. The civil service is loyal to its leaders and loyal to the community it serves.

"This is so now and it will be so after 1997."

A Preparatory Committee member, Tam Yiu-chung, claimed Chan made the speech under orders from the Governor, Chris Patten.

A government spokesman denied the governor has instructed officials to declare publicly their personal stance on the provisional legislature.

Asked whether Chan's future in the SAR would be harmed by her stance, Tam said: "There are still months to go before the appointment of SAR officials."

A Legco member, Emily Lau, said Chan was caught in a dilemma because the public would have their own views on the issue, regardless of what Chan said.

At the same legal conference, an Executive Council member, Denis Chang, said the decision to set up a provisional legislature and the demand for civil servants to declare support for it were unsettling and regrettable.

The demand would make some able and willing civil servants unable to serve the SAR and would undermine people's confidence, he said.

Hong Kong: Editorial: Civil Servants Not Fooled by Patten

*HK2903081996 Hong Kong TA KUNG PAO
in Chinese 29 Mar 96 p A2*

[Editorial: "Are the Magistrates Only Free To Burn Down Houses?"]

[PTS Translated Text for FBIS] The Preparatory Committee has made a decision on setting up a provisional legislative council of the Hong Kong Special Administrative Region [SAR] in accordance with the decisions of the National People's Congress [NPC] and its Standing Committee. No one can change this decision.

We believe that all civil servants who are willing to stay to serve the future Hong Kong SAR will not oppose the provisional legislative council and will hold themselves responsible to it according to the requirements of the Basic Law.

What merits our attention is that Chris Patten is organizing a siege against the provisional legislative council and attempting to instigate civil servants to participate in it. When a government affairs sub-group under the Preliminary Working Committee [PWC] was proposing the establishment of a provisional legislative council, Chris Patten gathered together some people, or winked at them to fiercely attack it. A few days ago, once the Preparatory Committee made a decision on setting up a provisional legislative council, Chris Patten took lead in opposing it, saying that the day of making the decision to set up the provisional legislative council was a "black day." He also issued a statement to "pay tribute to" a member of the Preparatory Committee who voted against the provisional legislative council. After that, he fanned and instigated anti-China forces to carry out a joint campaign in the Legislative Council to oppose the establishment of the provisional legislative council. They are also planning to take to the streets to

stage a demonstration opposing the provisional legislative council. In the meantime, the British Foreign Office and U.S. White House closely collaborated with each other. The British foreign secretary issued a statement to unreasonably accuse the establishment of the provisional legislative council, and a White House spokesman "showed concern" for the impossibility of the last Legislative Council of the British Hong Kong authorities to go beyond 1997. To our surprise, the chief secretary has also participated in the siege. She repeatedly made known her position to oppose the establishment of the provisional legislative council.

In the face of this siege organized by Chris Patten, officials of the Chinese side have spoken a few words, stating that those principal officers who are willing to serve the future SAR must recognize the Hong Kong SAR provisional legislative council. According to our understanding, their purpose in saying so is to hope that civil servants will not participate in the siege against the provisional legislative council or fall into the disputes instigated by Chris Patten. Civil servants who serve the SAR will in any case be responsible to the provisional legislative council for a period of one year after 1997. If they followed Chris Patten today in opposing it, would they not feel awkward in the future? The Chinese side's reminding civil servants of the attitude they should adopt toward the provisional legislative council is done out of concern for them.

Chris Patten seizes on a few remarks to make an issue of this, saying that the Chinese side "does not understand the operational system of Hong Kong civil servants," and that "a politically neutral civil servant contingent must avoid being involved in political disputes." What is actually meant is that the Chinese side is undermining the neutrality of civil servants. This is another trick of making unfounded countercharges.

It is Chris Patten, not the Chinese side, who is attempting to undermine the neutral tradition of civil servants. Did he not wantonly advocate "civil servants participating in government and political affairs?" Did he not wink at denouncing senior civil servants who failed to support his "three violations" constitutional reform package?

Today, why is Chris Patten again talking about the issue of "neutrality"? He is merely taking "maintaining civil servants' neutrality" as a pretext to oppose civil servants supporting the provisional legislative council. Chris Patten has really taken "neutrality" as an "electric heater" which "can be turned on or switched off as one pleases." Whether it is "turned on" or "switched off," it serves his anti-China line.

If one says that civil servants affirming the provisional legislative council means making known their political position or politicizing civil servants, why does Chris Patten allow the chief secretary to make known her position again and again to oppose the establishment of the provisional legislative council? What is ironic is that when Chris Patten had barely finished stating that wanting civil servants to make known their position on the provisional legislative council means affecting their "political neutrality," yesterday the chief secretary again attacked the provisional legislative council for "lacking legal grounds." She wanted the Chinese side to "explain to Hong Kong people and the world." What play are they putting on?

We understand that Chris Patten only "wants to be free to burn down houses, while the common people are forbidden even to light a lamp." In other words, they only want to be free to "burn down houses" to attack the provisional legislative council, but other people are forbidden even to "light a lamp" to support it. This reflects Chris Patten's consistent overbearing style.

We believe that civil servants will eventually adopt a practical attitude toward the provisional legislative council. The establishment of the provisional legislative council is an inevitable matter [bi ran di shi 1801 3544 4104 0057]. Civil servants who are willing to serve the Hong Kong SAR must, of as 1 July 1997, abide by the laws enacted and amended by the provisional legislative council. The chief executive office must make a policy speech to it, the financial budget must be examined and approved by it, tax revenue and public spending must be approved by it, and the appointment of the judges of the SAR Court of Final Appeal and the chief justice of the high court must be approved by it. At that time, can they refuse to recognize it? Can they refuse to hold themselves responsible to it because of its "provisional" nature? Whether they recognize the provisional legislature or not is not a matter of "making known one's political position," as someone has asserted. It is a matter which is related to the operation of the future SAR, or acting according to the Basic Law.

Chris Patten's purpose in instigating civil servants to oppose the provisional legislative council is obvious. He simply intends to create confrontation between the civil servants and the legislature after 1997. We believe that the broad masses of civil servants will conscientiously consider this matter and that they will not let themselves be fooled by him.

Hong Kong: Editorial Warns Civil Servants on Provisional Legislature

HK2803074396 Hong Kong WEN WEI PO in Chinese
28 Mar 96 p A2

[Editorial: "The British Side Should Not Force Civil Servants To Oppose the Provisional Legislature"]

[PTS Translated Text for FBIS] Recently some policy secretaries have stated their opposition to the provisional legislature. It is quite imprudent of them to do so. People understand that under pressure from Chris Patten they have been forced to make known their political positions. Under the civil service system, civil servants should maintain political neutrality and try as far as possible not to get involved in Sino-British political disputes.

If would be a very unwise move on Britain's part if it should attempt to order secretary-level civil servants to stand on the frontline and oppose the provisional legislature. This would show that Patten has taken a very irresponsible action without regard for the stable transition of secretary-level Hong Kong civil servants.

By 1 July 1997 the Hong Kong governor will be no more and the term of the Legislative Council, which is a consultative organ of the Hong Kong governor, will also come to an end. This is a political reality which neither Patten nor the current policy secretaries can change.

The Hong Kong public might as well imagine whether the chief executive of the special administrative region [SAR] will choose as his cabinet members those policy secretaries who are opposed to the decisions of the Preparatory Committee and paralyze the SAR government, making it unable to operate. If he chooses the policy secretaries who do not recognize the provisional legislature, then the cabinet will not cooperate with the provisional legislature, refusing to submit appropriation bills, submit draft laws that must be approved, explain government policies, or accept inquiries and questions, i.e. failing to carry out the clause set down in the Basic Law that "the executive authorities are responsible to the legislature." If this is the case, the operations of the SAR government will be thrown into chaos or become paralyzed. Without allocations for government operations, without legislative procedures or legal bases for the government to handle major issues or emergency changes following the establishment of the SAR, and without money to pay the wages of civil servants and to maintain normal services in the city, Hong Kong's prosperity and stability as well as people's normal lives would be affected.

Since the SAR chief executive must be responsible for the implementation of one country, two systems and

a stable transition and for Hong Kong people's vital interests, he naturally cannot choose those who refuse to recognize the provisional legislature. It is a matter of course that secretary-level civil servants should follow government decrees and carry out the chief executive's instructions. If they lack such an intrinsic quality and personal integrity, how can they be qualified civil servants for the SAR?

The Sino-British Joint Declaration stipulates that former British Hong Kong civil servants may remain in employment with their remuneration unchanged. But the Basic Law also stipulates that principal officials shall be nominated by the SAR chief executive. If they are not nominated, they will not be chosen. Under British rule, a Hong Kong governor may reshuffle the composition of secretary-level civil servants at any time. If a secretary-level civil servant is not nominated by the governor, the prospects for his or her official career are known to all. How many policy secretaries have changed places since Patten came to Hong Kong? How many of them have "retired"? This has become an old story.

Now that the Preparatory Committee has started operation, it has to prepare for the selection of a chief executive and the choice of policy secretaries for the SAR. The Chinese side hopes that the existing policy secretaries can make a stable transition, but whether this good intention on the Chinese part can be realized will depend not only on the Chinese side, but also on the British side and on the attitudes of the relevant policy secretaries as well.

If Patten uses his administrative powers to force the policy secretaries to declare their opposition to the provisional legislature, it will no doubt cause them to forfeit their chance of being nominated by the SAR chief executive-elect. This is simply foolish. All acts of refusing to cooperate in the handover of power will harm others without benefiting oneself. Patten may throw Hong Kong into chaos, sacrifice Britain's long-term interests, and then leave Hong Kong. But the British Government should consider that such a course of action will not only harm Hong Kong and Sino-British relations but, more importantly, make Britain's long-term plan for using Hong Kong to benefit from the Asia-Pacific and Chinese markets go down the drain.

Most civil servants are willing to serve the SAR government. If they choose to serve the SAR government, they, especially the secretary-level civil servants, should correctly understand the Basic Law, understand the principle of one country, two systems, understand the Preparatory Committee's principles of reflecting sovereignty and making a stable transition in its preparations for setting up the SAR government and legislature, understand

the coordinated relationship between executive-led government and supervision by the legislature, understand the provisions on forming the SAR legislature on 1 July 1997, and understand the responsibilities of the executive authorities and civil servants. For this reason, it is only right and proper to recognize the provisional legislature. Changes in 1997 will first of all be reflected in changes in the constitutional documents. The "Letters Patent" and "Royal Instructions" will become invalid and the Basic Law will become a constitutional document. Civil servants should therefore take the lead in becoming models in observing the law.

In terms of constitutional law, the 1995 Legislative Council organized by Patten does not conform to the Basic Law. If the secretary-level civil servants still advocate that the 1995 Legislative Council formed according to the Patten proposal should straddle 1997, they are in breach of the Basic Law and this will not help their administration according to the Basic Law, reflect China's sovereignty and stable transition, and maintain Hong Kong's prosperity and stability. The secretary-level civil servants might as well think about whether it would be possible for them to exercise administration in contravention of the "Letters Patent" and "Royal Instructions" during British rule.

The Chinese side does not call on every secretary-level civil servant to declare his or her support for the provisional legislature now. But they should have a long-term perspective, take a firm stand, and maintain their political neutrality instead of rashly declaring their positions under pressure from Patten and thus creating the impact of being opposed to the Basic Law and the provisional legislature. The period in which Patten makes trouble will soon be over. The secretary-level civil servants should do more practical work for a stable transition and spread fewer political statements directed at the Preparatory Committee. Based on their own interests, the British will readjust their tactics in order to preserve Britain's interests. Are not those eager to declare their positions being too imprudent?

Hong Kong: Editorial Welcomes Anson Chan's Challenge to Beijing

*HK2903092496 Hong Kong EASTERN EXPRESS
in English 29 Mar 96 p 11*

[Editorial: "Courage in the Abyss of Despair"]

[PTS Transcribed Text for FBIS] The community was thrown into an abyss of despair when Beijing made a move that will force senior civil servants to resign before the 1997 handover in a declaration of support for the provisional legislature.

With admirable courage, the Chief Secretary, Anson Chan, has come out and challenged Beijing's move. She asked China to explain how this loyalty call is compatible with the Joint Declaration and the Basic Law.

Beijing has drawn its line in the sand. It would regard anyone who challenged the idea of setting up the provisional legislature as its enemy. Anyone who demanded a clarification from Beijing on the issue would therefore be seen as someone who doubted the authority of the provisional legislature, and by that account, someone loyal to the Governor, Chris Patten. By challenging Beijing on the setting up of the provisional legislature, Chan must be aware that she could have signed the death-warrant for her political career.

But it was a brave move. Despite the speculation that she could be accepted by Beijing as a candidate for at least the job of the chief secretary in the special administrative region (SAR) government, she should also understand that a continuation of service does not mean a betrayal of dignity.

If, as a senior government official, Chan declares her support for the provisional legislature and resigns from the Patten administration, her credibility would have been seriously undermined. Even if she made a comeback on July 1, it is unlikely she would return to office with the popularity she enjoys today. Indeed, after her record of loyalty to the governor, such an act would be likened to the treachery of Brutus on Julius Caesar.

Beijing is not forcing senior civil servants to choose between the present fully-elected Legislative Council and the future rubber-stamp body controlled by Beijing, but to choose between self-betrayal and dignity. Chan, although she would be most willing to remain in service beyond the 1997 handover, has made a just choice.

Would the director of the Hong Kong and Macao Affairs Office, Lu Ping, now like to announce that Chan is no longer eligible to serve the SAR government because she opposes the provisional legislature?

Will he say her political career here will end on June 30 next year, together with that of the governor? Many senior civil servants are looking to Chan for their next move. If Chan goes, they will not stay. If China is determined to remove Chan because she fails the loyalty test, it would deal a big blow to the confidence of the civil service.

It now seems any talk of confidence is no longer relevant to Beijing. After their political setback in the Taiwan Strait crisis, the Chinese leaders have to make some

political gains, or have to be seen to make some, out of Hong Kong, to save face.

The timing of its loyalty test bombshell coinciding with the end of its third round of military exercises is a sinister signal that China is likely to harden its stance even further on Hong Kong.

Since China failed to get rid of Taiwan President Lee Teng-hui it now turns its attention towards its enemy number two — Patten. Knowing that Patten is likely to remain in Hong Kong until the Union Flag comes down, Beijing is determined to create a political vacuum and reduce the governor to a lame duck during the last few months of British rule. It is prepared to do so even at the expense of the confidence of the civil service and the people in the territory.

China has yet to clarify what it means by "principal officials", whose number remains rather vague in the Joint Declaration and the Basic Law. How many senior civil servants will be directly affected?

The governor has duly protested, but in a low-key way. He has indicated that the unconditional transition of the civil service is guaranteed by the Joint Declaration and the Basic Law, so China's latest move would be a blatant contravention of those two solemn documents. Patten, together with the British Prime Minister, John Major, has said that Britain will take China to the international courts if Beijing is seen to breach the Joint Declaration after the handover.

But it is increasingly clear that China is breaking the Joint Declaration even before the handover, when civil servants have to be thrown out of the executive through train because they are reluctant to declare their support for the provisional legislature. The community will be watching with great concern to see whether Britain is prepared to sit back quietly and watch an international treaty being torn to pieces.

Hong Kong: Official on Activities Celebrating Hong Kong Reversion

OW2903043896 Beijing ZHONGGUO XINWEN SHE in English 0427 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — China will stage a series of activities to celebrate Hong Kong's reversion to its motherland between now and July 1, 1997, director of the Department of Hong Kong, Macau and Taiwan of the Ministry of Culture, Yin Zhiqiang, said. The Ministry is the principal organizer of government's events.

A musical contest was held in January to launch this series of activities. On July 1, this year a cultural and

recreational variety show will be held in anticipation of one year hence.

On the same day, the Ministry of Culture will launch an exhibition of photographs and drawings depicting the history of Hong Kong, including pictures from the Qing Dynasty and the time of the unequal treaties between China and Britain.

On New Year's Day 1997, a winners of the July 1 contest will perform in public for the first time at a specially organized concert.

In addition, an art exhibition featuring modern paintings and sculptures will be held in June, 1997. On 2 July 1997 a cultural and recreational gala on the theme of the return of Hong Kong will be launched by the Ministries of Culture and Radio, Film and Television.

Apart from these, there will also be celebrations sponsored by non-governmental organizations, said Mr. Yin.

Hong Kong: XINHUA on Hong Kong Provisional Legislature

OW2903041596 Beijing XINHUA Domestic Service in Chinese 0315 GMT 25 Mar 96

[Article by Xinhua reporter Duanmu Laidi (4551 2606 0171 1229): "Ensure Hong Kong's Smooth Transfer of Government and its Smooth Transition — Commenting on the Preparatory Committee's Decision to Establish a Provisional Legislative Council"]

[FBIS Translated Text] Beijing, 25 March (XINHUA) — The Second Plenary Session of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] adopted a decision to establish a provisional legislative council and made detailed suggestions on the formation, election, qualifications of members, working time, and other tasks of the council. The establishment of the provisional legislative council will play a decisive role in ensuring Hong Kong's smooth transfer of government and its smooth transition, and the future normal operation of the Hong Kong SAR and Hong Kong's stability and prosperity.

As early as 1984 when China and Britain signed a joint declaration, the British side promised: "During the transition period, the Government of the United Kingdom will be responsible for the administration of Hong Kong with the object of maintaining and preserving its economic prosperity and social stability." Taking Hong Kong's history and reality into account and proceeding from the basis that Sino-British cooperation is conducive to Hong Kong's smooth transfer of government and its smooth transition, the National People's Congress [NPC], using the Basic Law's relevant stipulations, decided on the "through-train" arrangement.

This arrangement stipulates that the formation of Hong Kong's last Legislative Council conforms to the relevant NPC and Basic Law stipulations and its members have met certain criteria, and that after being affirmed by the Preparatory Committee of the Hong Kong SAR, they can become members of the first Legislative Council of the Hong Kong SAR.

Nevertheless, after the political disturbance in late spring and early autumn of 1989, the British Government wrongly estimated China's situation and began changing its Hong Kong policy. Particularly after Chris Patten became Hong Kong Governor in 1992, he dished out a "political proposal" that violated the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and previous Sino-British understandings and agreements. Subsequently, the British side sabotaged the Sino-British talks on the arrangement of the '94-'95 Hong Kong elections. Before China and Britain reached any agreement on the issue, some bills, which were formed in accordance with Patten's "political proposal," were submitted to the Hong Kong Legislative Council. As a result of the British desire to deliberately sabotage the talks and unilaterally terminate the talks, there was no way of realizing the "through-train" arrangement of the first Legislative Council of the Hong Kong SAR.

As the British dismantled the "through-train" arrangement, totally sabotaged cooperation between China and Britain on Hong Kong, and forcibly carried out the "political proposal" characterized by the "three-violations," the Eighth NPC Standing Committee session, to minimize the effect of British noncooperation, on 31 August 1994 adopted the decision that the British Hong Kong authorities' last Legislative Council, urban and local urban councils, and district councils would terminate on 30 June 1997. The Preparatory Committee of the Hong Kong SAR will thus be responsible for the establishment of the Hong Kong SAR and the formation of the region's first Legislative Council in accordance with the 1990 "National People's Congress Decision on the Method for Forming the First Legislative Council of the Hong Kong Special Administrative Region."

In accordance with the stipulations of the aforementioned NPC decision of 1990, members of the first Legislative Council of the Hong Kong SAR will be elected through three election methods, including direct election in districts. This could not happen under the rule of the British Hong Kong authorities and it is also difficult to accomplish in the short period of time following the SAR's establishment. Moreover, in accordance with the stipulations of the Basic Law and the NPC's relevant decision, after the establishment of the Hong Kong SAR many matters call for a legislative body's respon-

sibility and involvement. For example, according to the stipulations of the Basic Law, a Basic Law committee should be set up at the time the Basic Law comes into effect with its Hong Kong members nominated by the SAR Chief Executive, the Legislative Council president, and the Court of Final Appeal chief judges. Without any legislative body, the election of Hong Kong members of the Basic Law Committee would be problematic, as would the appointment of the Court of Final Appeal and High Court chief judges, the examination and approval of financial budgets, and the approval of taxation and public spending, all of which require legislative action. Moreover, some laws are indispensable after 1 July 1997, such as the law on the procedures for making and using the SAR flag and emblem, the law on the specific definition of permanent Hong Kong residents according to Article 24 of the Basic Law, and the law on SAR passport application and issuance procedures. They all require the involvement of a legislative body. Moreover, even after the NPC Standing Committee declared Hong Kong laws invalid in contravention of the Basic Law, there are existing Hong Kong laws that still require legislative involvement. Establishing the provisional legislative council is the most suitable way to signal the Chinese Government's resumption of sovereignty over Hong Kong and embody the principle of "Hong Kong people ruling Hong Kong" with "a high degree of autonomy." The council's establishment will also avoid a "legal gap" during this period, and enable the Government of the Hong Kong SAR to operate on a legal track from the moment it is established.

The provisional legislative council's establishment completely conforms to NPC and Basic Law stipulations. To this day, however, the British have continued to spread the word that "we have been unable to reach any agreement on the legislative council or the human rights bill" and in "disagreeing to take a laissez-faire approach toward differences between the two sides," and in saying they "will not let the matter drop here." Just as Vice Premier Qian Qichen stated recently: "The British have now frequently raised the issue again and called it important to Hong Kong's stability. It is precisely how the saying goes: 'If I had known it would have come to this, I would have acted differently.'" As everybody knows, through 17 rounds of talks on the question of Hong Kong's '94-'95 elections, China and Britain failed to reach any agreement. In disregard of the repeated Chinese wish to continue the talks, the British unilaterally terminated the talks and unilaterally held the Legislative Council election on their own initiative. This showed that the British side did not have the slightest degree of sincerity [hao wu cheng yi 3032 2477 6134 1942] and that the Sino-British talks also meant that the British side did not have the slightest degree of sincer-

ity in the Legislative Council "through train" and Hong Kong's smooth transition. This being the case, the last Legislative Council elected under the sponsorship of the British Hong Kong authorities naturally will have to end on 30 June 1997. At the outset, the British side could not talk properly with China on the issue of the Legislative Council and reach an agreement. After the issue was settled, it has now brought it up again. Is this not a move to undermine public morale?

The establishment of the provisional legislative council will help achieve Hong Kong's smooth transition and maintain Hong Kong's continued stability and prosperity and therefore, it will also enjoy the great attention and support of the vast numbers of Hong Kong people. The people with foresight in Hong Kong pointed out: Because the British Hong Kong Government ruined the "through train," there must be a way to fill in the potential "vacuum." Establishing the provisional legislative council is an easily acceptable proposal that will play an important role in the first year of Hong Kong's return to the motherland. The establishment of the provisional legislative council will help ensure Hong Kong's smooth transition in 1997, which is in keeping with the interests of Hong Kong residents.

Macao

Macao: Sino-Portuguese Joint Liaison Group Meeting Ends

OW2903090796 Beijing XINHUA in English
0854 GMT 29 Mar 96

[FBIS Transcribed Text] Lisbon, March 29 (XINHUA) — The Sino-Portuguese Joint Liaison Group ended its 25th meeting, at which the two sides discussed the issues related to the peaceful transition and future development of Macao.

A press communique issued at the end of the five-day meeting said that the two sides reviewed the progress made in the localization of civil servants, the translation and localization of laws and the status of the Chinese language in Macao after its handover to China.

At the meeting, the Portuguese side also submitted a draft incorporation law, which both sides agreed to discuss soon.

The Minutes of the talks were signed on Macao's aviation agreements with the United States and Russia.

The communique said that the two sides also exchanged views on the issues including nationality, pension for civil servants and the handover of archives.

The next Joint Liaison Group meeting will be held in Macao on June 26, 1996.

Macao will be returned to China in 1999, according to the agreement China and Portugal signed in April 1987.

Macao: Governor Reiterates 'Friendly Cooperation' With PRC

OW2803170696 Beijing XINHUA in English
1648 GMT 28 Mar 96

[FBIS Transcribed Text] Macao, March 28 (XINHUA) — Macao Governor Vasco Rocha Vieira announced today that his government will continue its current policy of friendly cooperation with China and a peaceful transition of Macao before 1999.

Vieira, who was newly reappointed as Governor of Macao by Portuguese new president, announced his six-point goal during his new term of government at a press conference here this morning.

The six points include the ensuring of the stability and confidence in the future of Macao, maintaining the name and value of Portugal in oriental land, consolidation of the political and legal systems of Macao, protection of the interests of people who will either remain in Macao or return to Portugal, strengthening the friendly cooperation with China and contacts with other parts of the world, especially, Europe.

He said that he is sure that those targets will "get the firm support of the Portuguese president and government."

He told reporters that the reappointment of his position shows the political confidence of the Portuguese president, government and the Portuguese Assembly (Congress) in him, and he had discussed Macao affairs with the president, premier and head of the assembly.

"... [ellipses as received] There is an effective and institutional common understanding between the President and the government that the policy to Macao will be a national one," he said.

He stressed that Macao accounts for a leading part in Portuguese foreign policy, and that "we will achieve common ground and get the full support of all (Portuguese) government departments and institutions."

In addition, the governor said that the position of some deputy secretaries of his government will be altered. At least three of them, involving transportation and industry, justice, and security, will be leaving soon, and new deputy secretaries will be appointed.

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